



Postal Registration No. N. E.—771/2006-2008

# The Gazette of Meghalaya

## EXTRAORDINARY

### PUBLISHED BY AUTHORITY

No. 151

Shillong, Friday, October 4, 2013,

12th Asvina, 1935 (S. E.)

## PART-V

GOVERNMENT OF MEGHALAYA

MEGHALAYA LEGISLATIVE ASSEMBLY SECRETARIAT

ORDERS BY THE GOVERNOR

### NOTIFICATION

The 4th October, 2013.

**No.LB.74/LA/2013/2.**—The Criminal Laws (Meghalaya Amendment) Bill, 2013 introduced in the Meghalaya Legislative Assembly on the 4th October, 2013 together with the statement of objects and Reasons is published under Rule 71 of the Rules of Procedure and Conduct of Business in the Meghalaya Legislative Assembly for general information.

### CRIMINAL LAWS (MEGHALAYA AMENDMENT) BILL, 2013.

**A**

**Bill**

*to amend section 506 of the Indian Penal Code (Central Act 45 of 1860), Chapter XXII of First Schedule on section 506 to the Code of Criminal Procedure, 1973 and Criminal Law Amendment Act, 1932 in its application to the State of Meghalaya.*

Whereas, prior approval of the President of India has been obtained.

Be it enacted by the Legislature of the State of Meghalaya in the Sixty-fourth Year of the Republic of India as follows:-

**Short title and commencement.**

1. (1) This Act may be called Criminal Laws (Meghalaya Amendment) Act, 2013.

(2) It shall come into force from the date of publication in the Official Gazette of Meghalaya.

**Amendment of Section 506 of the Indian Penal Code (Act 45 of 1860).**

2. For the existing section 506 of the Indian Penal Code, 1860, the following section 506 shall, in its application to the State of Meghalaya, be substituted, namely, -

**“506. Punishment for criminal intimidation.-** Whoever commits, the offence of criminal intimidation shall be punished with imprisonment of either description for a term which may extend to three years, or with fine, or with both;

**If threat be to cause death or grievous hurt, etc.-** And if the threat be to cause death or grievous hurt, or to cause the destruction of any property by fire, or to cause an offence punishable with death or imprisonment for life, or with imprisonment for a term which may extend to seven years, or to impute unchastity to a woman, shall be punished with imprisonment of either description for a term of three years and which may extend to seven years, or with fine, or with both”.

**Amendment of the First Schedule to the Code of Criminal Procedure, 1973.**

3. In the First Schedule to the Code of Criminal Procedure, 1973, in Chapter XXII, for Section 506, the following Schedule shall be substituted, namely,-

“506	Criminal intimidation	Imprisonment for three years, or fine, or both	Cognizable	Non-bailable	Magistrate of the First Class.
	If threat be to cause death or grievous hurt, etc.	Imprisonment for three years which may extend to seven years, or fine, or both.	- Do -	- Do -	- Do -

**Amendment of Criminal Law Amendment Act, 1932.**

4. In Section 10 of the Criminal Law Amendment Act, 1932, the figure “506” shall be omitted.

**STATEMENT OF OBJECTS AND REASONS**

Section 506 of IPC, 1860 are non-cognizable and bailable. However, the Government of Meghalaya has by notification under section 10 of the Criminal Law Amendment Act, 1932 made it cognizable and non-bailable from time to time since the year 1979 due to law and order problem in the whole State of Meghalaya.

Law and order is of primary importance to the State. Therefore, the Government after due examination considers that section 506 of IPC, 1860 are required to be made cognizable and non-bailable, through amendment of the relevant section and such other provisions of laws as may be required.

Hence, the Bill.

**ROWELL LYNDOH,**  
Deputy Chief Minister-in-Charge,  
Law.

**H. MYLLIEMNGAP,**  
Secretary,  
Meghalaya Legislative Assembly.

**FINANCIAL MEMORANDUM**

There will be no additional financial expenditure from the Consolidated fund of the State for implementing the provision of the Bill.

**EXTRACT OF SECTION 506 OF INDIAN PENAL CODE**

**506. Punishment for criminal intimidation.-** Whoever commits, the offence of criminal intimidation shall be punished with imprisonment of either description for a term which may extend to two years, or with fine, or with both;

**If threat be to cause death or grievous hurt, etc.-** And if the threat be to cause death or grievous hurt, or to cause the destruction of any property by fire, or to cause an offence punishable with death or [imprisonment for life], or with imprisonment for a term which may extend to seven years, or to impute, unchastity to a woman, shall be punished with imprisonment of either description for a term which may extend to seven years, or with fine, or with both.

**EXTRACT OF SECTION 506 OF INDIAN PENAL CODE FROM THE FIRST SCHEDULE TO THE CODE OF CRIMINAL PROCEDURE. 1973. IN CHAPTER XXII**

506	Criminal intimidation	Imprisonment for 2 years, or fine or both	Non-cognizable	Bailable	Any Magistrate
	If threat be to cause death or grievous hurt, etc.	Imprisonment for 7 years, or fine or both	-Do-	-Do-	Magistrate of the First Class

**EXTRACT OF SECTION 10 OF CRIMINAL LAW (AMENDMENT) ACT, 1932**

**“10. Power of State Government to make certain offences cognizable and non- bailable.-**

(1) The State Government may, by notification in the Official Gazette declare that any offence punishable under Sec. 186, 188, 189, 190, 228, 295-A, 298, 505, 506 or 507 of the Indian Penal Code (45 of 1860), when committed in any area specified in the notification shall, notwithstanding anything contained in the Code of Criminal Procedure, 1898, (5 of 1898) be cognizable, and thereupon the Code of Criminal Procedure, 1898, shall, while such notification remains in force, be deemed to be amended, accordingly.

(2) The State Government may, in like manner and subject to the like conditions, and with the like effect, declare that an offence punishable under Sec. 188 or Sec. 506 of the Indian Penal Code (45 of 1860), shall be non- bailable”.



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## PART-V

### GOVERNMENT OF MEGHALAYA

### MEGHALAYA LEGISLATIVE ASSEMBLY SECRETARIAT

### ORDERS BY THE GOVERNOR

### NOTIFICATION

The 4th October, 2013.

**No.LB.76/LA/2013/2.**—The Meghalaya Lokayukta (Amendment) Bill, 2013 introduced in the Meghalaya Legislative Assembly on the 4th October, 2013 together with the statement of objects and Reasons is published under Rule 71 of the Rules of Procedure and Conduct of Business in the Meghalaya Legislative Assembly for general information.

### THE MEGHALAYA LOKAYUKTA (AMENDMENT) BILL, 2013.

#### A

#### Bill

further to amend the Meghalaya Lokayukta Act, 2012.

Be it enacted by the Legislature of the State of Meghalaya in the Sixty-fourth Year of the Republic of India as follows: -

**Short title and  
Commencement.**

1. (1) This Act may be called the Meghalaya Lokayukta Amendment) Act, 2013.
- (2) It shall come into force at once.

**Amendment of Section 2.**

2. In section 2 of the Meghalaya Lokayukta Act, 2012 (hereinafter referred to as the principal Act) -
  - (i) in clause (b), in sub-clause (i), after the figures “1988”, the words “which would also include any offence committed by an elected member of Meghalaya Legislative Assembly subject to Article 194 of the Constitution of India” appearing therein shall be omitted.

- (ii) in clause (j), the punctuation “(;)” appearing at the end shall be omitted and thereafter the following words shall be added, namely,-  
 ”and also in connection with the affairs of the District Council constituted under the Sixth Schedule to the Constitution of India”.

**Amendment of  
Section 3.**

3. In section 3 of the principal Act-
- (i) in sub-section (4), after the word “Meghalaya” the following words shall be inserted, namely, -”or a person of impeccable integrity, outstanding ability and having special knowledge and expertise of not less than 25 years in the matters relating to anti-corruption policy, public administration, vigilance, policy making, finance including insurance and banking, law and management.”
- (ii) in the proviso to sub-section (4), for the word “person” the word “persons” shall be substituted.

**Amendment of  
Section 7.**

4. In section 7 of the principal Act, between the word “*supported by*” and “*majority*”, the word “*simple*”, shall be inserted.

**Amendment of  
Section 8.**

5. In section 8 of the principal Act, after sub-section (2), the following proviso shall be inserted, namely,-

“Provided that the Selection Committee may appoint persons to the Search Committee of impeccable integrity and of standing and having special knowledge and expertise in the matters relating to anti-corruption policy, public administration, vigilance, policy making, finance including insurance and banking, law and management and in any other matter which may be useful in making selection of the Lokayukta and Members of the Lokayukta.”

**Amendment of  
Section 15.**

6. In section 15 of the principal Act, for the existing sub-section (1) the following new sub-section shall be substituted, namely,-

“(1)If, after investigation of any allegation in respect of which a complaint has been made against a public servant, the Lokayukta or a Member is satisfied that such allegation has been established, the Lokayukta or a Member, shall -

- (a) In case of any findings for which remedy or corrective action falls under the relevant service rules, a report for taking disciplinary action shall be submitted to the concerned Competent Authority; and
- (b) In case of any findings involving criminal liability, shall initiate action to prosecute such public servant under the relevant laws.”

**Amendment of  
Section 16.**

7. In Section 16 of the Principal Act -
- (i) for sub-section 2, the following shall be substituted, namely,-
- “(2)No court except the Court of Sessions shall take cognizance of the offence under sub-section (1).”

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**STATEMENT OF OBJECT AND REASON**

The Government has examined the Meghalaya Lokayukta Act, 2012 and found that certain amendments are required in sections 2(b)(i) and (j), 3(4), 7, 8, 15 and 16 and therefore decided to amend the Act.

Hence the Bill.

**Dr. MUKUL SANGMA,**  
Chief Minister, Meghalaya.

**H. MYLLIEMNGAP,**  
Secretary,  
Meghalaya Legislative Assembly.

**FINANCIAL MEMORANDUM**

No additional financial expenditure from the consolidated fund of the State of Meghalaya will be involved for implementing the proposed enactment.



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### GOVERNMENT OF MEGHALAYA

### MEGHALAYA LEGISLATIVE ASSEMBLY SECRETARIAT

### ORDERS BY THE GOVERNOR

### NOTIFICATION

The 4th October, 2013.

**No.LB.78/LA/2013/2.**—The Meghalaya Private Universities (Amendment) Bill, 2013 introduced in the Meghalaya Legislative Assembly on the 4th October, 2013 together with the statement of objects and Reasons is published under Rule 71 of the Rules of Procedure and Conduct of Business in the Meghalaya Legislative Assembly for general information.

### THE MEGHALAYA PRIVATE UNIVERSITIES (AMENDMENT) BILL, 2013

#### A

#### BILL

to amend the University of Technology and Management Act, 2010 and Mahatma Gandhi University Act, 2010.

Be it enacted by the Legislature of the State of Meghalaya in the Sixty -fourth Year of the Republic of India as follows:-

**Short title and commencement.**

1. (1) This Act may be called the Meghalaya Private University (Amendment) Act, 2013.
- (2) It shall come into force at once.

**Amendment of the University of Technology and Management Act, 2010 (Act No. 3 of 2011).**

2. In Section 11 of the University of Technology and Management Act, 2010, for the existing sub-section (1), the following new sub-section (1) shall be substituted, namely, -  
“(1) The Governor of Meghalaya shall be the Visitor of the University.”

**Amendment of Mahatma Gandhi University Act, 2010 (Act No. 6 of 2011).**

3. In Section 12 of the Mahatma Gandhi University Act, 2010, for the existing sub-section (1), the following new sub-section (1) shall be substituted, namely, -  
“(1) The Governor of Meghalaya shall be the Visitor of the University.”



**STATEMENT OF OBJECT AND REASONS**

As per the present provisions of sub-section (1) of Section 11 of the University of Technology and Management Act, 2010 and sub-section (1) of Section 12 of Mahatma Gandhi University Act, 2010 the Visitor of the Universities are to be notified by the sponsors in consultation with the State Government whereas in other Private Universities the Governor of Meghalaya is the Visitor of the respective Private Universities. In order to bring into uniformity the Government has decided to amend the aforesaid Acts to provide that the Governor of Meghalaya shall be the Visitor of the above Universities also.

Hence the Bill.

**R. C. LALOO,**  
Deputy Chief Minister,  
Education.

**H. MYLLIEMNGAP,**  
Secretary,  
Meghalaya Legislative Assembly.

**FINANCIAL MEMORANDUM**

There will be no financial involvement from the Consolidated Fund of the State of Meghalaya for implementing the provisions of the enactment.



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## PART-V

GOVERNMENT OF MEGHALAYA

MEGHALAYA LEGISLATIVE ASSEMBLY SECRETARIAT

ORDERS BY THE GOVERNOR

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### NOTIFICATION

The 4th October, 2013.

**No.LB.77/LA/2013/2.**—The Poison (Meghalaya Amendment) Bill, 2013 introduced in the Meghalaya Legislative Assembly on the 4th October, 2013 together with the statement of objects and Reasons is published under Rule 71 of the Rules of Procedure and Conduct of Business in the Meghalaya Legislative Assembly for general information.

### THE POISON (MEGHALAYA AMENDMENT) BILL, 2013.

**A**

**Bill**

to amend the Poison Act, 1919 (Central Act No. 12 of 1919) in its application to the State of Meghalaya.

Be it enacted by the Legislature of the State of Meghalaya in the Sixty-fourth Year of the Republic of India as follows, -

**Short title and  
commencement.**

1. (1) This Act may be called the Poisons (Meghalaya Amendment) Act, 2013.
- (2) It shall come into force at once.

**Insertion of new  
sections 6A and 6B.**

2. In the Poisons Act, 1919 (Central Act No. 12 of 1919), in its application to the State of Meghalaya, after section 6, the following new sections 6A and 6B shall be inserted, namely,-

“Offence to be  
cognizable and  
non-bailable”

“6A. All offences under this Act, shall be  
cognizable and non-bailable.

6B. Any person who causes hurt by using corrosive substance such as acid or alkali on the body of any other person, shall be punishable with imprisonment for not less than seven years which may be extended to life imprisonment and shall also be liable to pay the medical expenses and other related expenses involved in the treatment of the victim.”

**STATEMENT OF OBJECT AND REASONS**

The Hon'ble Supreme Court of India while passing Order in Criminal Writ Petition No. 129 of 2006 in matters of *Laxmi (Minor) Vrs. Union of India & Ors* directed the Centre and States/Union Territories to work towards making the offences under the Poisons Act, 1919 cognizable and non-bailable.

Hence, the Bill.

**ROSHAN WARJRI,**  
Minister-in-charge  
Home (Police) Department.

**H. MYLLIEMNGAP,**  
Secretary,  
Meghalaya Legislative Assembly.

**FINANCIAL MEMORANDUM**

There is no financial involvement from the Consolidated Fund of the State for implementing the provision of the proposed enactment.



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ORDERS BY THE GOVERNOR

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### NOTIFICATION

The 4th October, 2013.

**No.LB.73/LA/2013/2.**—The Meghalaya Maintenance of Public Order (Amendment) Bill, 2013 introduced in the Meghalaya Legislative Assembly on the 4th October, 2013 together with the statement of objects and Reasons is published under Rule 71 of the Rules of Procedure and Conduct of Business in the Meghalaya Legislative Assembly for general information.

### THE MEGHALAYA MAINTENANCE OF PUBLIC ORDER (AMENDMENT) BILL, 2013

A

BILL

further to amend the Meghalaya Maintenance of Public Order (Assam Act V of 1947 as adapted by Meghalaya) and the Meghalaya Maintenance of Public Order (Autonomous Districts) (Assam Act XVI of 1953 as adapted by Meghalaya).

Be it enacted by the Legislature of the State of Meghalaya in the Fifty-fourth Year of the Republic of India as follows: -

**Short title and commencement.**

1. (1) This Act may be called the Meghalaya Maintenance of Public Order (Amendment) Act, 2013.

(2) It shall be deemed to come into force on and from 1st October, 2013.

**Insertion of new Section 6B to Act V of 1947.**

2. In the Meghalaya Maintenance of Public of Order Act V of 1947 (Assam Act V of 1947 as adapted by Meghalaya), after the existing section 6A the following new sections 6B and 6C shall be inserted, namely, -

“Assessment authority

“6B. For the purpose of assessment of destruction and loss under section 6A the State Government may assess such destruction and loss and such assessment may be made by the Deputy Commissioner of respective District or by any other officers as may be directed by the Deputy Commissioner and includes assessment by any authority of the Government prior to the commencement of this Act.

“Designation of Judicial Officer.

“6C. Notwithstanding anything contained in this Act, the Government of Meghalaya may, with prior approval of Chief Justice of High Court of Meghalaya, designate one or more judicial officers for the whole state of Meghalaya or part for the purpose of section 6A.”

**Insertion of new Section 8B to Act XVI of 1953.**

3. In the Meghalaya Maintenance of Public Order (Autonomous Districts) (Assam Act XVI of 1953 as adapted by Meghalaya), after the existing section 8A, the following new section 8B shall be inserted, namely, -

“Assessment Authority.

“8B. For the purpose of assessment of destruction and loss under section 8A the State Government may assess such destruction and loss and such assessment may be made by the Deputy Commissioner of respective District or by any officer as may be directed by the Deputy Commissioner and includes assessment by any authority of the Government prior to the commencement of this Act.

“Designation of Judicial Officer.

“8C. Notwithstanding anything contained in this Act, the Government of Meghalaya may, with prior approval of Chief Justice of High Court of Meghalaya, designate one or more judicial officers for the whole state of Meghalaya or part for the purpose of section 8A.”

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**STATEMENT OF OBJECT AND REASONS**

The Government of Meghalaya has decided to amend the Meghalaya Maintenance of Public Order (Assam Act V of 1947 as adapted by Meghalaya) and the Meghalaya Maintenance of Public Order (Autonomous Districts) (Assam Act XVI of 1953 as adapted by Meghalaya) for incorporating the provision of assessment authority and for designating one Judicial Officer to try the cases under the above Act,

Hence the Bill.

**ROWELL LYNGDOH,**  
Minister, Law.

**H. MYLLIEMNGAP,**  
Secretary,  
Meghalaya Legislative Assembly.

**FINANCIAL MEMORANDUM**

There will be no financial involvement from the Consolidated Fund of the State of Meghalaya for implementing the provisions of the enactment.



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## PART-V

GOVERNMENT OF MEGHALAYA

MEGHALAYA LEGISLATIVE ASSEMBLY SECRETARIAT

ORDERS BY THE GOVERNOR

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### NOTIFICATION

The 4th October, 2013.

**No.LB.71/LA/2013/4.**—The Meghalaya Co-operative Societies Bill, 2013 introduced in the Meghalaya Legislative Assembly on the 4th October, 2013 together with the statement of objects and Reasons is published under Rule 71 of the Rules of Procedure and Conduct of Business in the Meghalaya Legislative Assembly for general information.

### THE MEGHALAYA CO-OPERATIVE SOCIETIES BILL, 2013.

A

BILL

to facilitate the formation and working of Co-operative Societies as accountable, competitive, self reliant, business enterprises based on thrift, self-help and mutual aid and owned, managed and controlled by members for their economic and social betterment and in accordance with the relevant Directive Principles of State Policy of the Constitution of India and for matters connected there with and incidental thereto. Be it enacted by the Legislature of the State of Meghalaya in the Sixty-fourth year of the Republic of India as follows:-



## CHAPTER-I

### PRELIMINARY

#### Short title, extent and commencement.

- 1.(1) This Act may be called the Meghalaya Co-operative Societies Act, 2013.
- (2) It extends to the whole of Meghalaya.
- (3) It shall come into force on such date as the State Government may, by notification in the official Gazette, appoint.

#### Definitions.

2. In this Act, unless there is anything repugnant in the subject or context-
  - (a) **“Act”** means the Meghalaya Co-operative Societies Act, 2013;
  - (b) **“Administrative Council” or “Board of Directors”** means a body intermediary between a Managing body/Executive Committee by whatever name called and include the General Assembly of a registered Co-operative Society;
  - (c) **“Affiliating Co-operative Society”** means the registered Co-operative Society of which a particular Co-operative Society is a member and **“Affiliated Co-operative Society”** means the particular Co-operative Society which is a member of the affiliating Co-operative Society;
  - (d) **“Apex Society”** means a Co-operative Society whose area of operation extends to the whole State of Meghalaya and which has, as its principal object, and the provision of facilities for the operation of other Co-operative Societies affiliated to it and classified as an Apex Society by the Registrar;
  - (e) **“Area of operation”** means the area from which the membership is drawn or as specified in the bye-laws of the Co-operative Society;
  - (f) **“Assistant Registrar”** means an Assistant Registrar of Co-operative Societies appointed under this Act.
  - (g) **“authorized person”** means a person referred to as such in provision of section 75.
  - (h) **“board”** means the board of directors or the governing body of a Co-operative Society by whatever name called to which the direction and control of the management of the affairs of a society is entrusted;
  - (i) **“Bye-law”** refers to the registered bye-laws under this Act for the time being in force and includes a registered amendment of such bye-law;
  - (j) **“Capital to Risk weighted Assets Ratio”** means the Capital adequacy norms stipulated by the Reserve Bank from time to time ;
  - (k) **“Chartered Accountant”** means a member of the Institute of Chartered Accountants of Chartered Accountant Act, 1949 (38 of 1949);
  - (l) **“Co-operative Demand Certificates”** means a Certificate as defined in under this Act.
  - (m) **“Co-operative officer”** means a person appointed under the provision of this Act for the purpose of Supervision, Inquiry, Inspection, Audit of the accounts of a Registered Co-operative Society and any other matter that may be delegated by the Registrar;
  - (n) **“Co-operative society”** means a Co-operative Society registered or deemed to be registered under this Act relating to Co-operative Societies for the time being in force.

(o) **“Co-operative Union”** means a registered Apex Co-operative Society which has as its principal object the undertaking of Co-operative education, propaganda, training and extension of Co-operative services;

(p) **“Co-operative Year”** means the period beginning and ending on such dates as may be fixed by the Registrar for the purpose of drawing up the balance Sheet of a registered Co-operative Society;

(q) **“Delegate”** means a person elected by a group of individual members to represent in the general body by the Co-operative Society in accordance with the bye-laws of the Co-operative society;

(r) **“Deputy Registrar”** means a Deputy Registrar of Co-operative Societies appointed under this Act;

(s) **“Deposit Insurance Corporation”** means the Deposit Insurance Credit Guarantee Corporation established under Section 3(1) of the Deposit Insurance and Credit Guarantee Corporation, Act 1961(47 of 1961);

(t) **“Dividend”** means the amount paid, out of the profits of a co-operative society, to a member in proportion to the shares held by him in accordance with the bye-laws of the co-operative society;

(u) **“Employee”** means a person, not being an office-bearer, employed by a registered co-operative society on a salary or similar form of remuneration other than advance patronage dividend or payment for goods sold or through such co-operative society;

(v) **“Family”** means a person, his spouse, his children, dependent on him and his other relations dependent on him and jointly residing with him;

(w) **“Farming Society”** means a co-operative society formed with the object of promoting development of land and better methods of cultivation, and includes farming society, tenant farming co-operative society, collective farming co-operative society, joint farming co-operative society, irrigation co-operative society and a crop protection co-operative society;

(x) **“Financing Institution”** means a National or State level co-operative institution or organization, which provides financial assistance or advance or loan to a co-operative society or an individual;

(y) **“General Assembly”** means the supreme body of a registered co-operative Society as defined in Section 30 (1);

(z) **“Housing Societies”** means a co-operative society, the object of which is to provide its members with open plots for housing, dwelling houses or flats; or if open plots, dwelling houses or flats are already acquired to provide to its members common amenities and services;

(aa) **“Industrial Society”** means a co-operative society formed with the objects of promoting development of small scale industries, e.g. carpentry, blacksmithery, goldsmithery, producing finished goods and products from raw materials of any kind;

(ab) **“Joint Registrar”** means a Joint Registrar of co-operative societies appointed under this Act

(ac) **“Joint Liability Group”** means an informal group comprising of four to ten individuals coming together for the purpose of availing bank loan on individual basis or through group mechanism through co-operative societies against

mutual guarantee;

**(ad) “limited liabilities”** means a liability of the member limited by the bye-laws of co-operative society to the amount, if any, unpaid on the shares respectively held by the member or to such amount as they may, respectively, undertake to contribute to the assets of the society in the event of its being wound up;

**(ae) “liquidator”** means a person appointed as liquidator under this Act;

**(af) “Managing Body” or “Board of Director”** means an elected body to which the management of the affairs of a registered co-operative society is directly entrusted and does not include the Administrative Council;

**(ag) “Marketing Society”** means a co-operative society formed for the marketing and procurement of agricultural or other produce and including among its objects, the supply of the requisites of such production;

**(ah) “Member”** means a person admitted to membership after registration of a co-operative society in accordance with the bye-laws and rules of the co-operative society and includes a promoter and the State Government when it subscribes to the Share Capital of a co-operative society;

**(ai) “Multipurpose Society”** means a Primary co-operative society, the object of which is to provide various services including services related to credit, business, industry and consumer durables to its members;

**(aj) “Multi-State Co-operative Society”** means a co-operative society with objects not confined to one State and registered or deemed to be registered under any Law for the time being in force relating to such co-operative;

**(ak) “National Bank”** means the National Bank for Agricultural and Rural Development established under Section 3 of the National Bank for Agricultural and Rural Development Act, 1981 (Central Act No.61 of 1981);

**(al) “Nominal Member”** Means a person admitted to membership as such after registration in accordance with the bye-laws;

**(am) “office bearer”** means a members duly elected by the General Assembly of a registered co-operative society, according to its bye-law, to any office of such co-operative society, including the office of the President or Chairman, vice-President or vice-Chairman, Managing Committee members / Board of Directors and Treasurer;

Provided that any officer appointed by Government of Meghalaya to hold charge of any office of registered co-operative society shall be deemed to be any office bearer unless specifically stated to the contrary;

**(an) “Prescribed”** means prescribed by rule

**(ao) “Primary Agricultural Credit Society”** means a co-operative society as defined under clause (cciv) of Section 5 of the Banking Regulation Act, 1949 (Central Act 10 of 1949) and includes a Multipurpose Co-operative Society;

**(ap) “Processing Society”** means a co-operative society formed with the object of producing goods by Mechanical or manual process and an industrial co-operative society and a co-operative society for the processing of agricultural commodities;

**(aq) “Promoter”** means an eligible person or a registered co-operative society signing the application for registration of a co-operative society;

(ar) **“Primary Society”** means a co-operative society whose membership consists exclusively of individuals and self help groups;

(as) **“A Self Help Group”** is a homogeneous group of rural poor comprising of not more than twenty members formed voluntarily to save small amounts out of their earnings and to form a Corpus to be lent to the members of such group;

(at) **“Registered Society”** means a co-operative society registered or deemed to have been registered under this Act and includes a society formed after amalgamation of such two or more Co-operative societies or division of such an existing co-operative society;

(au) **“Registrar”** means a person appointed to perform the duties of a Registrar of co-operative societies under this Act;

(av) **“Representative”** means a member of the society to represent the co-operative society in other co-operative societies;

(aw) **“Reserve Bank”** means the Reserve Bank of India established under Section 3 of the Reserve Bank of India Act, 1934 (Central Act 2 of 1934);

(ax) **“Reserve Fund”** means funds created by the co-operative society out of its Net Profit every year as provided under this Act;

(ay) **“Rules”** means rules made or deemed to be made under this Act;

(az) **“State Level Co-operative society”** means a co-operative society having its area of operation extending to the whole of a state;

(aaa) **“Society”** means a co-operative society registered or deemed to be registered under this Act;

(aab) **“State Act”** means any law made by the Legislature of a State;

(aac) **“State Co-operative Bank”** means an Apex co-operative society engaged in the business of banking;

(aad) **“State Government”** means the Government of Meghalaya unless expressed otherwise;

(aae) **“State”** Means the State of Meghalaya;

(aaf) **“Tribunal”** means a body of officials appointed by the State Government to arbitrate or -disputes involving recovery of overdue loans;

(aag) **“Urban Bank”** means the primary Co-operative Urban Bank engaged in the business of banking under the Banking Regulation Act, 1949 (Central Act 10 of 1949) as applicable to co-operative societies;

(aah) **“Working Capital”** means funds at the disposal of a co-operative society inclusive of paid up Share Capital, deposits, funds built out of profits, and money raised by borrowing and by other means;

## CHAPTER-II

### REGISTRATION OF CO-OPERATIVE SOCIETIES

#### The Registrar.

3. (1) The State Government may appoint a person to be Registrar of Co-operative Societies for the whole state of Meghalaya or any portion of it for the registration, supervision, assistance, counsel and control of registered co-operative societies and for development of the co-operative movement and control over co-operative education, incorporation, regulation and winding up of co-operative societies based on the principles of voluntary formations, democratic member control,

member economic participation, autonomous functioning and with such other powers and responsibilities as may be provided under this Act or rules or bye-laws framed there under.

(2) The State Government may also appoint persons to assist the Registrar and may by general or special order, in writing, delegate to any such persons or to any other Government office all or any of the powers of the Registrar under this Act.

**Co-operative Societies which may be registered.**

4.(1) A co-operative society which has its object the promotion of the economic interest or general welfare of its members or of the public through self help and mutual aid in accordance with co-operative principles or a co-operative society established with the object of facilitating the operations of any co-operative society may be registered under this Act with limited liability.

(2) No co-operative society shall be registered if in the opinion of the Registrar, its declared objects are unlikely to be achieved or it is likely to be economically unsound or it may have an adverse effect upon any registered co-operative society or the Co-operative Movement as a whole.

**Age, qualification of a member.**

5. No person may be an individual member of a registered co-operative society unless he is above eighteen years of age; provided that the bye-laws of a co-operative society may prescribe a higher minimum age.

**Conditions of registration.**

6. (1) No co-operative society, other than a co-operative society of which a member is a registered co-operative society shall be registered under this Act which does not consist of at least fifteen eligible persons and in cases where the primary objects of the co-operative society includes the raising of funds to be lent to its members, and where all the applicants are individuals, the applicants shall reside or own immovable property in the same town, village or group of villages or belong to the same class or pursue the same occupation.

(2) The word "limited" shall be the last word in the name of every co-operative society with limited liability registered under this Act.

**Restrictions on acquisition of Share in a Co-operative Society.**

7. (1) No member a registered co-operative society shall hold more than such portion of the Capital of the co-operative society as may be prescribed by the rules, or the bye-laws of the co-operative society.

(2) No member shall be allowed to acquire an additional share until he has paid in full the value of the whole or that portion of his shareholding which he is required to pay in accordance with the bye-laws of the co-operative society.

**Power of Registrar to decide certain questions.**

8. All disputes regarding membership for the purpose of the formation, registration or continuance of a co-operative society under this Act shall be decided by the Registrar.

**Liability**

9. (1) The Liability of a member of any co-operative society shall be limited.

**Application for Registration.**

10. (1) An application for registration shall be made to the Registrar.

(2) the application shall be signed.

(a) in the case of co-operative society of which, no promoter is a registered Co-operative Society, by at least fifteen eligible persons; and



(b) in the case of co-operative society, of which at least one promoter is a registered co-operative society, by a duly authorized person on behalf of such registered co-operative society and at least one other individual promoter or one other duly authorized person on behalf of another registered co-operative society.

(3) The application shall be accompanied by four copies of the proposed bye-laws of the Co-operative society signed on behalf of the promoters by the president of the inaugural General Meeting. Promoters by whom or on whose behalf such application is made shall furnish such information in regard to the co-operative society as the Registrar may require and they shall be liable to the full extent of the share money which they have undertaken to subscribe with effect from the date of registration of the co-operative society.

#### **Registration.**

**11.** (1) The Registrar shall decide all questions as to whether the application complies with the provision of this Act and rules there under and whether the objects of the co-operative society are in accordance with Section 4.

(2) When he is satisfied that the application is in order under Sub-Section (1) and the proposed bye-laws are not contrary thereto, he may register the co-operative society and its bye-law; provided that the Registrar shall have powers to register the bye-laws with such modifications as he thinks are necessary to bring about uniformity in the main with the provisions of the bye-laws of co-operative society which have similar objects or function.

(3) The Registrar shall endorse the bye-laws in token of registration. Each Co-operative Society shall have a copy of its bye-law so endorsed.

(4) If the Registrar refuses to register a co-operative society or an amendment of the Bye-laws of a registered co-operative society he shall record his reasons in writing and communicate these reasons and his decisions to the promoters or the Secretary of a registered co-operative society within three months from the date of receipt of the application for registration by a registered letter to their office. The Registrar may at any time review his orders in this respect.

Provided that if the application for registration is not disposed within the specified period of four months or the Registrar fails to communicate the order of refusal within that period, the application shall be deemed to have been accepted for registration.

Evidence of registration.

#### **Evidence of registration**

**12.** A certificate of registration signed by the Registrar shall be issued to the co-operative society and shall be evidence that the co-operative society therein mentioned is a co-operative society duly registered under this Act and that its bye-laws are as attached to the Certificate, unless it is proved that the registration of the co-operative society has been cancelled or that amended bye-laws have been registered or that the co-operative society's copy of the certificate or bye-laws has been tampered with.

#### **Amendment of the Bye-laws of a registered co-operative society.**

**13.** (1) No amendment of the bye-law of a registered co-operative society, whether by way of addition, alteration, omission, rescission or change of name shall be valid until such amendments has been registered under this Act.

(2) Every proposal for such amendment shall have to be approved by a resolution at a meeting of the General Assembly in accordance with the bye-laws of the co-operative society and be forwarded within a month from the date of adoption of the resolution to the Registrar; and if the Registrar is satisfied that the proposed amendment is not contrary to the provision of this Act or rules, or any law for the time being in force, he shall, unless for reasons to be recorded in writing he considers fit to refuse, register the amendment.

(3) When the Registrar registers an amendment of the bye-laws of a registered co-operative society, he shall issue to the co-operative society a copy of the amendment certified by him, which shall be conclusive evidence that the same has been duly registered, unless it is proved that the registration of the co-operative society has been cancelled or that further amendments has been registered or that the co-operative society's copy of the amendment has been tampered with. The amendment shall be binding upon the co-operative society with effect from the date of registration.

**Power of Registrar or affiliating co-operative society to direct amendment of bye-laws or adoption of rules of procedure.**

**14.** (1) (i) When it appears to the Registrar that an amendment of the bye-laws of a registered Co-operative society is necessary in the interest of such co-operative society or of the Co-operative movement as a whole or for the purpose of bringing about uniformity in the main with the provisions of the bye-laws of co-operative societies which have similar objects or functions, he may by an order in writing, direct the co-operative society to amend its bye-laws in accordance with the amendment drafted and forwarded to the co-operative society by him within such time as he may specify in the order.

(ii) If the co-operative society fails to make such amendment within the time specified the Registrar shall after giving the co-operative society an opportunity of representing its case, make such amendment himself and register the same. The Registrar shall then forward a copy thereof to the co-operative society together with a certificate signed by him which shall be effective as prescribed in section 13 (3).

(iii) The Registrar shall not register any amendment of the bye-laws of a co-operative society, whether under this section or section 13 of this Act, without the consent of the State Government if the effect of such amendment is to lessen the degree of control of the State Government or of the Registrar as already provided for in the bye-laws.

(iv) The Registrar may require any registered co-operative society to frame rules of procedure under its bye-laws to govern any part of its business and to send such rules to him for approval.

(2) (i) When it appears to an affiliating co-operative society that an amendment of the bye-laws of a registered co-operative society which is a member and debtor of such co-operative society is necessary in the interest of such affiliating co-operative society it may suggest to the affiliated co-operative society that it makes the amendment within such time as it may specify. The affiliating co-operative society shall forward to the affiliated co-operative society a draft of the suggested amendment of the bye-laws.

(ii) If the co-operative society fails to implement the suggestion within the time specified, the affiliating co-operative society may forward to the Registrar the amendment which it considers necessary, and the Registrar, if satisfied

**Division and  
amalgamation of  
co-operative  
societies.**

that the amendment is necessary and not contrary to the provisions of this Act or the rules, may thereupon register the amendment and forward to the co-operative society a copy thereof together with a certificate signed by him. The certificate shall be conclusive evidence that the amendment has been registered and such amendment shall there upon be binding upon the co-operative society and its members.

(iii) In the interest of co-operative movement, the Registrar may with the approval of the State Government amend any clause of the bye-laws of a co-operative society.

**15.** (1) Any registered co-operative society may at a meeting of its General Assembly specially called for the purpose resolve to divide into two or more co-operative societies. At least fifteen clear day's notice of such meeting with the agenda shall be given to its members together with a copy of the proposed resolution.

(2) Such a resolution shall contain the proposal as to how to divide the assets and liabilities of the co-operative society among the newly proposed co-operative society, their areas of operation and the members who will constitute each of newly proposed co-operative society with draft new bye-laws.

(3) A copy of the resolution shall be sent to the Registrar within thirty days of its adoption and subject to the Registrar's non-interference within thirty days of the dispatch to him of the resolution, the resolution shall be circulated among the members and creditors of the co-operative society.

(4) Notwithstanding any bye-laws to the contrary, any member of the co-operative society and notwithstanding any agreement to the contrary, any creditor of the co-operative society, may by notice given to the co-operative society within thirty days of the receipt of the resolution, intimate in case of a member his intention not to become a member of any of the co-operative societies and in case of a creditor his intention to demand a return of the amount due to him.

(5) After the expiry of ninety days from the passing of the aforesaid resolution a meeting of the General Assembly shall be convened for finally deciding the resolution. At least fifteen days' clear notice with the agenda of the meeting shall be given to all members of the co-operative society.

(6) If the General Assembly decides by a three-fourth majority finally to divide the Co-operative society and if the Registrar approves of the decision, the members, who will constitute each of the newly proposed co-operative society subscribing to the new draft bye-laws shall apply to the Registrar under section 10 for registration of the new co-operative society and the Registrar shall register the co-operative societies under section 11.

(7) The Registrar shall not register the new co-operative societies if the application for registration is not accompanied by a certificate of repayment of share Capital to members and certificate of satisfaction of claims to creditors referred to in sub-section (4).

(8) From the date on which the new co-operative societies are registered under sub-section (6) the registration of the old co-operative society shall be deemed to have been cancelled.

(9) The registration of the new co-operative societies shall be a sufficient



conveyance to vest the assets and liabilities of the original co-operative society according to the aforesaid resolution in the new co-operative societies.

(10) Two or more registered co-operative societies may at a meeting of their respective General Assemblies specially convened for the purpose, by giving at least fifteen clear day's notice to the respective members of the co-operative societies resolve to amalgamate into one cooperative society by adopting common bye-laws.

(11) A copy of such resolution of each co-operative society shall be circulated forthwith among all members and creditors thereof.

(12) Notwithstanding any bye-laws to the contrary, any member of any such Co-operative societies and notwithstanding any agreement to the contrary, any creditor of any such co-operative societies, may within a period of thirty days from the receipt of the foresaid resolution, intimate his intention not to become a member of the new co-operative society in the case of a member, and to demand a return of the amount due to him, in the case of a creditor.

(13) After the expiry of ninety days from the date of the aforesaid resolution, a joint meeting of the members of such co-operative societies shall be convened to decide finally of the aforesaid resolution.

(14) At least fifteen clear days notice shall be given To all members of .the co-operative societies.If at such-meeting the aforesaid resolution is confirmed by a majority of three fourth of the member of each co-operative societies present and the common bye-law are accepted with or without any alterations, the Registrar shall be moved by an application under-section 10 for registration and he.shall register the-new co-operative society under section 11 if he approves.

(15) The Registrar shall not register the new co-operative society if the application for registration is not accompanied by a certificate of repayment of share capital to members and a certificate of satisfaction of claims of creditors referred to in sub-section (12) of this section.

(16) From the date on which the new co-operative society is registered the registration of the old co-operative societies shall be deemed to have been cancelled.

(17) The registration of the new co-operative society shall be a sufficient conveyance to vest in it all the assets and liabilities of the original co-operative societies

(18). Notwithstanding anything contained in sub-sections (1) to (17) if the Registrar is of the opinion that for reasons of ensuring economic viability of any registered co-operative society or co-operative societies or avoiding overlapping or conflict of jurisdictions of registered co-operative societies in any area or in order to secure proper management by any co-operative society or in the public interest or in the interest of the cooperative movement in the State as a whole, it is necessary to divide, amalgamate or merge fully or partially any such co-operative society or cooperative Societies with any specific co-operative society, he may, by an order published in the official Gazzette make a scheme for division or amalgamation or merger with prior approval of the State Government.

**CHAPTER-III**  
**RIGHTS AND LIABILITIES OF MEMBERS OF A REGISTERED**  
**CO-OPERATIVE SOCIETY.**

**Members not to exercise rights till due payment made and conditions fulfilled.**

**16.** No member of a registered co-operative society shall exercise the rights of a member unless or until he has made such payment to the co-operative society in respect of membership or acquired such interest in the co-operative society, as may be prescribed by the rules or bye-laws.

**Vote of members.**

**17. (1)** Irrespective of the shares he holds in the co-operative society and subject to any temporary disqualifications from voting which may be prescribed in bye-laws and to the provisions of section 30(2)(b) relating to voting by representatives a member of a registered co-operative society shall have one vote only in the affairs of the co-operative society:

Provided that in case of an equality of votes the Chairman at any meeting shall have a second or casting vote:

Provided further that the byelaw of a co-operative society may provide for more than one vote in the case of an affiliated co-operative society:

(2) A registered co-operative society which is a member of another registered co-operative society may appoint one of its members qualified under any rule or bye-laws to vote in the affairs of such other co-operative society as its representative.

(3) Voting by proxy shall not be allowed except as prescribed in a registered co-operative society's bye-laws:

Provided that in registering the bye-law of a co-operative society the Registrar shall not permit voting by proxy except in cases, such as those involving a wide area of operation, where it would be difficult for members to exercise "their rights" if voting by proxy were not permitted.

**Loan to be utilized for the purpose for which advance.**

**18.** The Loan advanced by a registered co-operative society to a member thereof shall be utilized by him for the purpose for which it was advanced and for no other purpose. The co-operative society shall have power to recover the advance as prescribed if the member does not so utilize it.

**Restriction on transfer of share or interest.**

**19.** The transfer or charge of the share or interest of a member in the capital of a registered co-operative society, shall be subject to such conditions as to maximum holding as may be prescribed by this Act or by the Rules.

**Liability of past member and his Estate.**

**20.** The liability of a past member and of the estate of a deceased member for the debts of a registered co-operative society as they existed at the date of his ceasing to be a member or of his death, as the case may be, shall continue for a period of four years from the said date.

**Share or interest not liable to attachment.**

**21.** Notwithstanding anything contained in any law for the time being in force but subject to the provision of section 45 of this Act, the share or interest of a member in the capital of a registered co-operative society or any fund under section 54 shall not be liable to attachment or sale under any decree or order of a court in respect of any debt or liability incurred by such member nor be subjected to any claim by a receiver under the Provincial insolvency Act, 1920 (Act V of 1920).

**Nomination of transferee.**

**22.** If the bye-laws of a registered cooperative society so permit, any member of the co-operative society may in accordance therewith nominate a person or persons in whose favour the co-operative society shall dispose of the shares or interest of such member on his death.

**Transfer of interest on death of members.**

**23.** When a member of a registered co-operative society dies his shares and interest in the co-operative society shall, subject to the provision of this Act, be transferred:-

(a) to the person, if any, nominated in accordance with the provision of section 22; or (b) if there be no such nominee or if the nominee is not available or is difficult to be ascertained by the managing body, or if for any other cause such transfer cannot be made without unreasonable delay or difficulty, to the person as may appear to the managing body to be the heir or legal representative of the deceased member provided that ninety days have elapsed from the date of the member's death. No new claim shall be entertained after the said period of ninety days.

**Disposal of Shares or interest of ceased members.**

**24.** When a member of a registered co-operative society is expelled or withdrawn or otherwise ceases to be member under this Act, rules or bye-laws his share or interest shall be transferred to another eligible person, and the value thereon, determined in accordance with the rules, shall be paid to such ceased member if his share or interest is not forfeited under the provisions of this Act, rules or bye-laws or if he is insane, to any person appointed to manage his properties under the Indian Lunacy Act, 1912, provided that if there is no eligible transferee and if the bye-laws of the co-operative society so provide the value of his share or interest determined in accordance with the bye-laws shall be paid to him or, if he is insane, to any person appointed to manage his properties under the Indian Lunacy Act, 1912 (Act IV of 1912).

**Liability of members on winding up of Co-operative Society with limited Liability.**

**25.** The members of a registered co-operative society shall in the winding up of the co-operative society be jointly and severally liable to contribute towards any deficiency in the assets of the co-operative society, subject to such limitation of amount as may be provided in the bye-laws.

**Restriction on Transfer of Possession of Land held Under a Co-operative Society.**

**26.** Notwithstanding anything in any law for the time being in-force -

(a) a member of a registered co-operative society, the object of which is to develop co-operative or collective farming, shall not be entitled to transfer his possession or interest in any land held by him under the co-operative society, except to the co-operative society or with the previous approval of the managing body and in accordance with its bye-law to a member thereof or to a person who will be admitted as a member of the co-operative society;

(b) on the death of such member, his possession of an interest in, any such land held by him under the co-operative society shall come to his nominee in accordance with the provisions of Section 22 or to the first eligible heir willing, to become a member of the Co-operative Society;

(c) if no nominee or heir becomes a member the possession of an interest in such land of the deceased shall vest in the co-operative society, which shall pay to the nominee or the heir a sum equivalent to the value of the share and interest of the deceased member and any other sum due from the co-operative

society as determined in accordance with this Act or rules framed thereunder after deducting all dues which the deceased member owned to the co-operative society;

(d) if there is no person qualified to succeed to the share or interest of the deceased member, the co-operative society shall pay to his heir, executor or the legal representative, as the case may be, a sum equivalent to the value of the share and interest of the deceased member as determined in accordance with the rules after deducting the dues of the deceased to the co-operative society;

(e) when in any other case a member ceases to be a member of such a society under this Act, rules or bye-laws, his possession of an interest in any such land held by him under the co-operative society shall come to the co-operative society, if the bye-laws allow and if the share and interest of the member is not forfeited under this Act or rules framed thereunder, the co-operative society shall pay to the ceased member a sum equivalent to the value of the share and interest of such member and any other sum due to him from the co-operative society after deducting his debts to the co-operative society, if any;

(f) no land held under a registered cooperative society specified in clause (a) by a member, thereof, or vested under clause (b) in the nominee or heir of such member, shall be attachable in any suit or proceeding for the recovery of any debt other than a debt due to the co-operative society or to a member thereof;

(g) no land shall vest in such a co-operative society by reason of the provision of this section unless it is owned by the co-operative society or has been leased to the co-operative society and if the co-operative society holds the land by lease or contract, the land shall vest in the co-operative society only during the pendency of the lease or contract.

**Right of a registered  
Co-operative Society  
to pay prior Debts of  
a mortgagor.**

**27.** (1) Where a mortgage is executed in favour of a registered co-operative society for payment of prior debts or part thereof, of the mortgagor secured on the mortgaged property, the registered co-operative society may, notwithstanding the provisions of Sections 83 and 84 of the Transfer of Property Act, 1882 (Act IV of 1882) by notice in writing and served by registered post with due acknowledgement, require any person to whom any such debt is due to receive payment of such debt or part thereof from the co-operative society at its registered office within such period as may be specified in the Notice.

(2) The person on whom such notice is served shall be bound to receive payment of the amount offered by the co-operative society, but where there is disagreement or dispute between the mortgagor and such person as regards the amount of the debt, or where the co-operative society tenders less than the agreed amount of debt, the receipt of the sum offered by the co-operative society shall not debar such person from enforcing his right to recover the balance claimed by him.

(3) If any such person refuses to receive such notice or such payment, such debt or part thereof as the case may be, shall cease to carry interest from the expiration of the period specified in the notice and the property mortgaged under sub-section (1) shall be deemed to have been freed from the encumbrance of such prior mortgage.

(4) No co-operative society shall advance a loan on a mortgage without taking a declaration from the prospective mortgagor as to the names of prior mortgages of the property in question, if any.

**Restriction on  
Mortgaged  
Property.**

**28.** Where land is mortgaged to a registered co-operative society -

(a) the mortgagor shall not be entitled without the approval of the co-operative society to transfer or mortgage his equity of redemption or to create a charge upon or lease out such property for a period exceeding three years;

(b) if the mortgaged property at any time is wholly, or partially destroyed or the security is rendered insufficient due to fall in value or for any other reason and the mortgagor having been given a reasonable opportunity by the co-operative society of providing for further security sufficient to cover the loan or of repaying the loan with interest or such portion of the loan as may be determined by the supervisory, managing or controlling body and the mortgagor having failed to provide such security or repay such portion of the loan, the whole of the loan or such uncovered portion shall be deemed to fall due at once and recoverable through a co-operative demand certificate;

(c) notwithstanding anything contained in the Transfer of Property Act, 1882 (Act IV of 1882) the mortgaged property, in case of default of payment of mortgage money or any part thereof, may be sold by the co-operative society as prescribed by rules in addition to any other remedy available to it, without the intervention of the court, if a power of sale without the intervention of court, is expressly conferred by the mortgage deed, provided the co-operative society serves a notice in writing by registered post demanding payment of the mortgage money with interest, or part thereof, upon the mortgagor or, any person having an interest in or charge upon the mortgaged property or the equity of redemption who has previously notified the co-operation such interest or charge in writing or any surety and if default has been made in payment of the loan or part thereof for three

Provided that any party aggrieved by an action taken by a registered co-operative society under this section may prefer an appeal to the Registrar within thirty days from the date of the sale. His decision shall be final:

Provided further that all transfer of land under this Act shall be in accordance with the provisions of the Meghalaya Transfer of Land (Regulation) Act, 1971.

**Bar to certain claim.**

**29.** All payments and transfer made by a registered co-operative society under this chapter, shall be valid and effectual against any demand made upon the co-operative society by any other person.

## **CHAPTER-IV MANAGEMENT**

**General Assembly.**

**30.** (I) The General Assembly of a registered co-operative society shall consist of all those who are eligible to vote at general meetings of the co-operative society.



(2) (a) Every member of a registered co-operative society and every ex-officio member of the Administrative Council or Managing body of such co-operative society, unless under some temporary disqualification shall have the right to attend any general meeting of the co-operative society and to exercise his vote at such meeting provided that the bye-laws of a registered co-operative society may so prescribe;

(i) that a registered co-operative society affiliated to such co-operative society may have more than one representative entitled to vote at a general meeting of the co-operative society; and

(ii) that only one-third of the members of the General Assembly, excluding ex-officio members, may be individual members, the other two-third being representatives of affiliated registered co-operative societies.

(b) When the bye-laws of a registered co-operative society contain the provision of sub-section (2)(a)(ii), if the number of individual members exceeds one-third of the total membership of the co-operative society, the individual members shall elect at a special meeting to be called by the Secretary of the co-operative society not more than one month before the Annual general meeting in the manner prescribed in the bye-laws for Annual general meeting, those individual members who, as the representatives of the body of individual members shall form the one-third membership of the General Assembly for the purpose of voting at the annual and other meetings of the General Assembly, during the ensuing year, and only such elected representatives have the right to attend to vote at such a general meetings.

(3) The-Supreme authority of a registered co-operative society shall be vested in the General Assembly:

Provided that during the pendency of any loan or service from the State Government or any other credit secured at the instance of the State Government, the supreme authority in respect of any matter adversely affecting the interest of the State Government or the Registrar, shall be vested in any person authorized by them in writing and may extend to the appointment of officers to hold any of the offices of the co-operative society or appointment of any persons to be ex-officio members of the Administrative Council, managing body or any committee of the co-operative society even if such persons are not members of the co-operative society. This supreme authority of the State Government or Registrar may also be exercised in the absence of any loan or service when the State Government or Registrar as the case may be deem their intervention to be necessary in the interest of the members of the co-operative society or of the Cooperative Movement in general. The State Government or the Registrar, as the case may be, may fix the salary of any such appointed officer and declare it to be a charge on the co-operative society. They may cancel any such appointments made by them.

(4) An annual or special meeting of the General Assembly shall be summoned and shall exercise its authority and perform its function in such manner as may be prescribed in the bye-laws of the co-operative society.

**Annual Meeting of General Assembly.**

**31.** (1) A General Meeting to be termed the annual meeting of the General Assembly of a registered co-operative society shall be convened within a period of six months of close of the Financial year to transact the business for the purpose of-

(a) electing members to the Board of Directors/Managing Body, Administrative Council, and other committees of the co-operative society, the chairman, vice-chairman and other office bearers as may be provided in the bye-laws and fixing such fees, salaries or other remuneration as prescribed in the bye-laws;

Provided that the State Government may prescribe by rules the qualifications necessary for office-bearers and employees;

(b) electing internal auditors or auditor, who shall not be members of the Board of Directors/Managing Body, Administrative Council or governing body, and fixing the remuneration;

(c) considering the annual report of the Board of Directors/Managing Body, Administrative Council, or if there be no Administrative Council, of the Managing Body, audit report and audited annual accounts and balance sheets and reviewing the working of the co-operative society during the proceeding co-operative year.

(d) deciding how profits are to be distributed in accordance with the bye-laws;

(e) passing the annual budget, approving the programme and business development plan for the ensuing year;

(f) fixing the maximum amount of liability to be incurred during the ensuing year and the maximum rate of interest payable on deposit/ loans; and

(g) considering such other business as may be placed before the meeting in accordance with the bye-laws.

(2) Such meeting shall be held not later than six months after the close of the Co-operative year and not later than six months after the date of the last preceding meeting held under sub-section (1).

(3) When a co-operative society fails to convene the annual general meeting within a period specified in sub-section (2), the Registrar or the person authorized in this behalf shall be competent to convene such annual general meeting within a period of ninety days from the date of expiry of the period mentioned in that sub-section.

(4) No member of a Board of Directors/ Managing Body, Administrative Council or other committee so elected in the Annual General Meeting shall be eligible for election as the Chairman or Vice-Chairman of the Cooperative Society if such member is a Minister in the Central and State Government:

Provided that no person shall be eligible to hold at the same time, office of Chairman

or Vice Chairman of the Board of Director/Managing Body or Administrative Council of more than two Co-operative Societies.

**Special Meeting of the General Assembly.**

**32. (1)** A special Meeting of the General Assembly shall be called:-

- (a) at the instance of the Board of Directors or Administrative council or if there be no Administrative Council of the Managing body;
- (b) at the request of the Chairman of the co-operative society; provided if such request is in the interest of the co-operative society;
- (c) on a requisition signed by one-tenth of the members of the General Assembly or twenty members, whichever is less; or
- (d) at the instance of the Registrar.

(2) The Registrar himself or any person authorized by him in this behalf, in writing may, by special order call a special meeting of the General Assembly at any time and shall call such a meeting upon the failure of the society to call a meeting on requisition by the members or at the instance of the Registrar under sub-section (1).

(3) Notwithstanding any rule or bye-law prescribing the method of summoning or the period of notice for a General Assembly, the Registrar or any person authorized by him in this behalf may specify the time, place, business for the meeting and the manner of convening such meeting.

**Administrative Council.**

**33.** The management of every registered co-operative society shall vest in the Board of Directors/ Managing Body of the co-operative society, except in the case of a co-operative society, which for administrative convenience necessitated by reasons such as wide area of operation, that responsibility shall vest in an Administrative Council. The Board of Directors/Managing Body, Administrative Council and committees of a co-operative society shall be constituted in accordance with the bye-laws of the society which shall specify the composition of such bodies, their powers, functions, duties, method of summoning meetings and procedures.

(1) The Board of Directors /Managing body of a co-operative society shall consists of such number of Directors as may be provided in accordance with the bye-laws of the co-operative society :

Provided that the maximum number of Directors of a co-operative society shall not exceed twenty-one with a reservation of one seat for SC/ST and two seats for women on the Board/Managing Body of every co-operative society consisting of individuals as members and having members from such class or category of persons.

(2) The term of office of elected members of the board and its office-bearers shall be five years from the date of election and the term of office bearers shall be coterminous with the term of the board :



Provided that the board/managing body may fill a casual vacancy of the board by nomination out of the same class of members in respect of which the casual vacancy has arisen, if the term of office of the board is less than half of its original term.

(3) The General Assembly of a co-operative society may co-opt. persons/professionals to be members of the Board/Managing Body having experience in any field relating to the objects and activities undertaken by the co-operative society :

Provided that the number of such co-opted members shall not exceed two in addition to twenty - one directors specified in the proviso to clause (1) :

Provided further that such co-opted members shall not have the right to vote in any election of the co-operative society in their capacity as such member or to be eligible to be elected as office bearers of the board :

Provided also that the functional directors of a co-operative society shall also be the members of the Board and such members shall be excluded for the purpose of counting the total number of directors specified in first proviso of clause (1).

- (4). (i) The election to the Board/Managing Body of a co-operative society shall be conducted before the expiry of the term of the board/managing body to ensure that the newly elected members of the board/managing body assumes office immediately on the expiry of the term of the office of members of the outgoing board.
- (ii) The superintendence, direction and control of the preparation of electoral rolls for, and the conduct of all elections to a cooperative society shall be vested with the Registrar of co-operative societies or any authorized person in this behalf :

Provided that the procedure and guidelines for the conduct of elections shall be prescribed by the State Government or the Registrar of co-operative societies.

**Power to depute Government servant to manage the affairs of a Co-operative society.**

**34.** The State Government may, on the application of a registered co-operative society and on such conditions as may be determined, depute Government officials to the service of the co-operative society for the purpose of managing its affairs and the official shall exercise such powers and performs such duties as may be determined.

**Dissolution or reconstruction of Board of Directors, the Administrative Council, Managing Body or any Committee of a Co-operative society.**

**35. (1)** When the Registrar is satisfied, after an inspection of enquiry under section 61 or 62 for reasons to be recorded in writing, that the Administrative Council, managing body or any committee of a registered cooperative society is not functioning properly or according to this Act, rules or bye-laws he may, after giving the offending body an opportunity to state its case, direct under clause (d) of sub-section (1) of section 32

that a special general meeting of the General Assembly be called within a time to be specified to dissolve the Board of Directors, the Administrative Council, managing body or committee concerned and to elect a new one :

Provided that, if in the opinion of the Registrar it is necessary as an emergent measure to suspend the offending body forthwith, he may do so and shall appoint a person or persons, on such conditions as prescribed by him, to be in full control of suspended body until a new body has been elected or action has been taken in accordance with section 36.

(2) The Registrar may, for reasons to be recorded, specify in the direction made under sub-section (1) that all or any of the outgoing members of the dissolved body shall be disqualified for such period not exceeding three years as he may determine, for election or appointment as an officer of the society or for service on any of its bodies.

(3) An appeal shall lie to the State Government against an order of the Registrar disqualifying a member of a co-operative society for election or appointment within two months from the receipt of the order.

**Dissolution of the Board of Directors Administrative Council, Managing and appointment of persons to manage the affairs of a Co-operative Society.**

**36. (1)** No Board or Managing body shall be superseded or kept under suspension for a period exceeding six months :

Provided that the Board or Managing body may be superseded or kept under suspension-in case -

- (i) of its persistent default; or
- (ii) of-negligence, in the performance of its duties; or
- (iii) the Board has committed any act-prejudicial to the interest of the co-operative society or its members; or
- (iv) there is a stalemate in the constitution or functions of the Board; or
- (v) the Board or Managing Body has failed to conduct elections in accordance with the provision of the Act :

Provided that the Board or Managing Body of any such co-operative society shall not be superseded or kept under suspension where there is no Government shareholding or Loan or financial assistance or any guarantee by the Government :

Provided further that in case of a co-operative society carrying on the business of banking, the provision of the Banking Regulation Act, 1949, shall also apply :

Provided also that in case of a co-operative society, other than a Multi-State co-operative society carrying on the business of banking, the provisions of this clause shall have the effect as if for the words "six months" the words "one year" had been substituted.

(2). In case of supersession of a Board or Managing Body the Registrar may by order in writing appoint a person as an administrator to manage the affairs of such co-operative society and he shall arrange for conduct of election within the period specified in sub section (1) in this section and handover the management to the elected Board or Managing Body :

**Tenure of office of the person appointed under section 36.**

**37.** The person appointed under Section 36(2) shall hold office until the Board or Managing Body, as the case may be is reconstituted or his appointment is cancelled by the Registrar.

**Powers of person appointed under section 36.**

**38.** During the tenure of office of a person appointed under Section 36(2), such person shall subject to the control of the Registrar, exercise all the powers and perform all the functions and duties which may be exercised or performed by the superseded Board or Managing Body under the provisions of this Act, rules or bye-laws.

## **CHAPTER-V**

### **DUTIES OF REGISTERED CO-OPERATIVE SOCIETY**

**Address of Co-operative society**

**39.** Every registered co-operative society shall have a registered address, to which all notices and communications may be sent and shall send notice in writing of every change thereof, within thirty days of such change, to the Registrar and to the affiliating co-operative society, if any.

**Prescription and inspection of documents.**

**40.** Every registered cooperative society shall keep and allow inspection free of charge by any member of the co-operative society and such other persons as may be authorised at all reasonable times at the office of the co-operative society -

- (a) a copy of this act;
- (b) a copy of the rules framed under this Act;
- (c) a copy of the bye-laws of the co-operative society;
- (d) a copy of all rules framed under the bye-laws of the co-operative society;
- (e) annual balance sheet authenticated by the audit officer; and
- (f) such other books, forms, registers or other documents as may be prescribed by the Registrar.

**Restrictions on borrowing.**

**41.** A Registered co-operative society may receive deposits and may borrow from its members, financial institutions and from persons who are not members to such extent and on such conditions as may be prescribed in the Rules and bye-laws subject to approval of the Registrar.

**Participation of members in the affairs of the Cooperative Society.**

**42.** Every registered co-operative society shall ensure the participation of members in the management of the co-operative society, attending meetings by the members and utilizing the minimum level of services as may be provided by the co-operative society.

**Training/Education  
of members of  
Cooperative Society.**

**43.** Every registered co-operative society shall ensure that the office bearers, members of the Board or Managing body shall be provided Co-operative Education and Training, as per the objectives and bye-laws.

**Power of Government  
to give financial  
assistance.**

**44. (1)** Notwithstanding anything contained in any law for the time being in force, the State Government may grant loans, to take share in, guarantee the principal or the interest or both in respect of debentures issued by or give financial assistance in any other form to, any registered cooperative society, which puts forward a satisfactory scheme for the utilization of the funds so raised.

(2) The State Government may recover/ recall from any co-operative society, out of its net profit in any year, all or any part of such financial assistance in event of misutilisation.

**Restrictions on loans.**

**45. (1)** A registered cooperative society shall not give loans -

- (a) to any person other than a member except with the general or special sanction of the Registrar

Provided that a loan may be given to a depositor of the co-operative society on the security of his deposits; or

- (b) to a member in excess either of the maximum or of the normal credit determined by the co-operative society for that member in accordance with its bye-laws provided that in assessing normal credit the managing body shall take a full statement as to the member's means of earning;
- (c) on the security of moveable property or future moveable property, unless the moveable property is placed with the co-operative society;
- (d) on personal security without sureties, unless the borrowing members has unencumbered immoveable property or attachable funded assets sufficient to cover the loan and a full statement of such securities is submitted by the borrower and the truth of the statement is ascertained by the managing body;
- (e) on personal security with sureties, unless the borrowing members and his sureties together have unencumbered immoveable property or attachable funded assets sufficient to cover the loan and a full statement of such securities is submitted by the borrower and the truth of the statements is ascertained by the managing body;
- (f) on personal security, with or without sureties, unless the loan is for a short period not exceeding the time required to reap the benefit of the loan and in no case exceeding three years.

- (2). (a) Notwithstanding the provisions of sub-clauses (l)(b),(d) and (e) loan may be given on personal security provided that the managing body of the cooperative society is satisfied as to the credit worthiness of the borrower and has taken from him a scheme for the utilisation of the loan and has ascertained the truth of the statements contained in the scheme and the bonafide of the borrowing member.
- (b) the resolution of the managing body granting a loan under this section shall contain the names of all assenting members:

Provided that if such names are omitted from the proceedings of the meeting, the Chairman and Secretary shall be held jointly and severally responsible for the issue of the loan;

- (c) notwithstanding the provisions of sub-clauses (l)(b) to (f) and 2(a) and (b), a registered co-operative society may issue a loan on mortgage or valuable security;
- (d) no person shall be accepted as a surety for any borrower unless he is also a member of the same registered co-operative society.

(3) A registered co-operative society, the primary object of which is the issue of loans, shall open a separate accounting or finance or banking branch in accordance with its bye-laws and frame rules for the conduct of business in such branch before it issues any loans and such rules shall first be approved by the Registrar.

**Co-operative Society  
and office bearers  
to submit returns/  
informations and  
produce documents.**

**46. (1)** Every Registered Cooperative shall file returns/ information within six months of the close of every financial year or as may be required by the Registrar in this behalf, including-the following matters, to the audit officer, arbitrator, liquidator or any person conducting an inspection or inquiry under the provision of this Act and the Rules made thereunder:

- (a) annual report of its activities;
- (b) its audited statement of accounts;
- (c) plan for surplus disposal as approved by the general body of the co-operative society;
- (d) list of amendments to the bye laws of the co-operative society, if any;
- (e) declaration regarding date of holding of its general body meeting and conduct of elections when due; and
- (f) any other information required by the Registrar in pursuance of any of the provisions of the State Act.
- (2) (a) At any sale of property, moveable or immoveable, held under this Act or Rules framed there under no office- bearer of the

registered co-operative society concerned or any person having any duty to perform in connection with such sale, shall either directly or indirectly bid for, acquire or attempt to acquire any interest in such property.

- (b) Any office bearer of a co-operative society or a liquidator may on behalf of the co-operative society bid and purchase at a sale of a mortgaged property.

## CHAPTER-VI

### PRIVILEGES OF REGISTERED CO-OPERATIVE SOCIETY

#### Prior Claim of a Cooperative Society.

**47. (1)** Notwithstanding anything contained in section 60 and 61 of the Code of Civil Procedure 1908, any debt or outstanding demand due to a registered co-operative society by any member, surety, past member, or the estate of any deceased member shall be a first charge,

- (a) if such debt or demand is due in respect of the supply, or any loan to provide the means of such supply of seed, manure, labour, fodder for cattle or any other thing incidental to the conduct of agricultural operations, - upon the crops or agricultural produce of such member, past member or belonging to the estate of such deceased member, at any time within two years from the date of such supply or loan or from the date on which the last installment of such supply or loan became repayable;
- (b) if such debt or demand is due in respect of the supply of or any loan for the purchase of cattle, agricultural implements or warehouse for the storage of agricultural produce, in the manner and to the extent aforesaid upon the crops or agricultural produce of such member, past member or belonging to the estate of such deceased member and also upon the cattle, agricultural implements or warehouse thus supplied or purchased wholly or in part from any such loan;
- (c) if such debt or demand is due in respect of the supply of, or any loan for the purchase of raw materials, industrial implements, machinery, workshop, warehouses or business premises, - upon the raw materials or other things supplied or purchased by such member, past member or the deceased member wholly or in part from any such loan and also upon any articles manufactured from raw materials or with implements or machinery so supplied or purchased wholly or in part from any such loan;
- (d) if such debt or demand is due in respect of any loan for the purchase, improvement or redemption of land or for the purchase or construction of any house, building or any portion thereof.-upon the land purchased, improved or redeemed or the house or building so purchased or constructed by such member, past member, or the deceased member from any such loan;



(2) Nothing in this section shall affect the claims of any bonafide purchaser or transferee for value without notice.

**Charge and set off in respect of shares or interest of members.**

**48.** A registered co-operative society shall have a charge upon the share or interest in the capital and on the deposits of a member or a past member or deceased member and upon any dividend, bonus or surplus payable to a member or past member or the estate of a deceased member in respect of any debt due from such member or past member or estate of such deceased member to the cooperative society, and may set off any sum credited or payable to a member or past member or estate of a deceased member in or towards payment of any such debt.

**Deduction of dues from salary.**

**49.** If a member of registered co-operative society, who is an employee of State Government or any local authority, takes a loan from a co-operative society and contracts to repay it by installments and authorizes the co-operative society to recover such installments by deduction from his salary, the person who disburses any amount payable to such member as salary or remuneration in respect of such employment shall, on demand from the cooperative society, deduct the amount of such installment from the amount disbursed to such member as salary and shall forthwith remit to the cooperative society the amount so deducted

**Exemption from compulsory registration and personal attendance from registration of instruments.**

**50. (1)** Nothing in clauses (b) and (c) of sub-section (1) of section 17 of the Indian Registration Act 1908, shall apply to :-

- (a) any instrument relating to shares in registered co-operative society, notwithstanding that assets of such co-operative society consist in whole or in part of immovable property; or
- (b) any debenture issued by any such co-operative society and not creating, declaring, assigning, limiting or extinguishing any right, title or interest to or in immovable property, except in so far as it entitles the holder to the security afforded by a registered instrument whereby the security has mortgaged, conveyed or otherwise transferred the whole or part of its immoveable property or any interest therein to trustees upon trust for the benefit of the holder of such debentures; or
- (c) any endorsement upon or transfer of any debenture issue by any such co-operative society.

(2) Notwithstanding anything contained in the Indian Registration Act, 1901, it shall not be necessary for any office bearer of a registered cooperative society or a liquidator of a co-operative society to appear in person or by agent at any registration office in any proceeding connected with the registration of any instrument executed by him in his official capacity or to sign as provided in section 58 of that Act.

(3) Where any instrument is so executed, the registering officer to whom such instrument is presented for registration may, if he thinks fit, refer to such office-bearer or liquidator for information regarding the same and on being satisfied of the execution thereof, shall register the instrument.

**Power to remit  
certain duties, fees etc.**

**51. (1)** The State Government may by general or special order in the case of a registered certain duties, cooperative society or class of registered co-operative societies remit any tax, cess or fee payable under any law for the time being in force or the rules there under in respect of which they are competent to remit such tax, cess or fee.

(2) The State Government may, in respect of any registered co-operative society or class of registered co-operative societies, by notification in the official Gazette, remit, -

- (a) the stamp duty other than stamp duties falling within (item 91 or item 96 in list 1 in the Seventh Schedule of the Constitution of India) in respect of any instrument executed by, or on behalf of, or in favour of, a registered co-operative society, or by an officer or on behalf of a member thereof, and relating to the business of such co-operative society or any class of such instruments, co-operative demand certificates or decisions awards or orders of registrar or arbitrators under this Act, in cases where, but for such remission, the registered co-operative society, officer or member thereof, as the case may be, would be liable to pay the stamp duty chargeable under any law for the time being in force, in respect of such instrument; and
- (b) any fee payable by registered co-operative society under any law for the time being in force for the registration of documents or of court fee for the time being in force.

**CHAPTER-VII****PROPERTY AND FUNDS OF REGISTERED CO-OPERATIVE SOCIETY****Investment of Funds.**

**52. (1)** A registered co-operative society may invest or deposit its funds -

- (a) in a Government Savings Bank, or
- (b) in any of the securities specified in section 20 of the Indian Trust Act, 1882, other than those specified in clause (e) of that section, or
- (c) with the sanction of the Registrar, in the shares or debentures or in the security of any other registered co-operative society, or
- (d) with any registered co-operative society, bank or persons carrying on the business of banking approved for this purpose by the Registrar or, (e) in any other mode permitted by the bye-laws.

(2) Such investment shall be accounted for separately from the Reserve Fund of the registered co-operative society.



**Reserve Fund.**

**53** (1) Every registered co-operative society shall maintain a Reserve Fund formed from its profits and carry to the fund in each year not less than 25 (twenty five) per cent of its net profit.

(2) The Reserve Fund shall be invested separately in any of the ways prescribed in section 52 or with the sanction of the Registrar, in immovable property required for the furtherance of the activities of the co-operative society. Any such investment shall be deemed to constitute Reserve Fund. No instrument securing a loan on a Reserve Fund shall be valid.

(3) The Reserve Fund shall not be utilized for any purpose whatsoever except in exceptional circumstances as specified in the rules only.

**Distribution of Net Profit.**

**54.** After making the allocation to the Reserve Fund as prescribed in Section 53, the remaining net profits of a registered co-operative society may be distributed according to the rules and bye-laws of the co-operative society.

**CHAPTER-VIII****AUDIT****Audit of Accounts of Co-operative Societies.**

**55.** (1) The accounts of every registered co-operative society and co-operative society under liquidation shall be audit or cause to be audited once at least in each financial year.

(2) The Registrar may, keeping in view the annual business turnover of the co-operative societies authorize or appoint chartered Accountant by Special order in writing in this behalf to audit the accounts of any co-operative society or class of co-operative societies;

(3) The Registrar or the person authorized by him in this behalf shall at all reasonable times have free access to the books, accounts, documents, securities, cash and other properties belonging to or in the custody of the co-operative society and may summon any person in possession or responsible for custody of any such books, accounts, documents, securities, cash or other properties to produce the same and furnish such information in regard to the transaction and working of the co-operative society at the headquarters of the co-operative society or any branch thereof by the same means and, so far as may be in the same manner as provided in the Code of Civil Procedure, 1908.

(4) The accounts of every registered co-operative society shall be audited within six months of the close of financial year to which such accounts relate.

(5) In respect of every audit of the accounts, a registered co-operative society shall pay such audit fee as may be prescribed and such fee shall be deemed to be outstanding dues from the co-operative society.

(6) If it appears to the Registrar or on application by a co-operative society or otherwise that it is necessary or expedient to re-audit any accounts of the co-operative society, the Registrar may by order provide for such re-

audit and the provisions of this Act applicable to audit of accounts of the society shall apply to such re-audit.

**Power of the Registrar to have the Accounts written up.**

**56.** If at the time of audit the accounts of a registered cooperative society are not complete, the Registrar or with his sanction the Assistant Registrar of Cooperative Societies or Sub-Registrar of Cooperative Society concerned, may cause the accounts to be written up at the expense of the co-operative society.

**Nature of Audit.**

**57.** The audit shall include-

- (i) a verification of the cash balance and security;
- (ii) a verification of the balance at the credit of the depositors and creditors and of the amounts due from the debtors of the co-operative society;
- (iii) an examination of overdue debts, if any;
- (iv) the valuation of the assets including stock verifications, and liabilities of the co-operative society;
- (v) an examination of the statement of accounts and balance sheets to be prepared by the managing body of the co-operative society in such "forms as may be prescribed;
- (vi) an examination of the utilization of Government financial assistance;
- (vii) a certification of the realized profit; and
- (viii) any other relevant matter.

**Audit Report.**

**58.** The audit officer shall, within a week from the date of completion of audit, submit to the registered co-operative society, and to the Registrar, together with the statement of accounts audited, an audit report including a statement of -

- (i) every transaction which appears to him to be contrary to law or to the rules or bye-laws;
- (ii) every sum which ought to have been but has not been brought into account;
- (iii) the amount of deficiency or loss which appears to have resulted from any negligence or misconduct or to require further investigation;
- (iv) any money or property belonging to the co-operative society which appears to have been misappropriated or fraudulently retained by any person;
- (v) any of the assets which appears to him to be bad or doubtful;
- (vi) any irregularity in maintaining accounts;
- (vii) whether the society is properly carrying out its objects and obligations towards its members;

- (viii) whether sound business principles and prudent commercial practices are being followed;
- (ix) application of prudential norms, etc; and
- (x) any other relevant matter;

**59.** The audit report of the Accounts of an Apex co-operative society as may be defined in this Act, shall be laid before the State Legislative Assembly in the manner, as may be provided by the State Legislature.

**Rectification of defects.**

**60.** A registered co-operative society shall be afforded by the Registrar or the person authorized by him an opportunity of explaining any defects or irregularities pointed out and objected to by the audit officer and thereafter the society shall within three months time and in a manner as the Registrar or the authorized person may direct remedy such defects or irregularities and report to the Registrar or the authorized person the action taken by it thereon.

## **CHAPTER-IX**

### **INQUIRY AND INSPECTION**

**Inquiry by Registrar.**

**61. (1)** The Registrar may, at any time of his own motion or shall at the request of the administrative head in charge of the District/Civil Sub-Division or other Administrative Area, hold an inquiry or direct some person authorized by him by order in writing in this behalf, to hold an inquiry into the constitution, working and financial condition of a registered cooperative society.

(2) Such an inquiry shall also be held on the application of -

- (i) the affiliating co-operative society, if any, of which the co-operative society is a member and a debtor;
- (ii) a majority of the members of the managing body;
- (iii) one-third of the members of the co-operative society who shall have deposited such security for cost, if any, as the Registrar may direct;
- (iv) creditors representing not less than one half of the borrowed capital of the co-operative society who shall have deposited such security for costs, if any as the Registrar may direct.

(3) The Registrar shall communicate the result of any enquiry under the section to the co-operative society and to the person at whose request such enquiry was made.

**Inspection of a Co-operative Society.**

**62. (1)** Every registered co-operative society shall be liable to inspection at any time by the Registrar or any person authorized by him in this behalf by general or special order and by any affiliating co-operative society if so provided in its bye-laws.

(2) An inspection of a registered co-operative society shall be made by the Registrar or any person authorized by him in this behalf by an order in writing at any time on the application of a creditor of a registered co-operative society:

Provided that no inspection shall be made under this sub-section unless-

- (i) the creditor deposits with the Registrar such sum as security for the cost of the proposed inspection as the Registrar may require; and
- (ii) the creditor satisfies the Registrar that the alleged debt is a sum then due and that he has demanded payment thereof and has not received satisfaction within a reasonable time:

Provided further that no inspection shall be conducted under this sub-section without giving the co-operative society an opportunity of being heard.

(3) The result of an inspection under this section shall be communicated to the co-operative society and if held at the instance of a creditor, to the creditor.

**Cost of Inquiry,  
Inspection and  
Recovery of costs.**

**63.** (1) When an inquiry is held under section 61(1) or an inspection is made under section 62(1), the Registrar may, after giving the parties an opportunity of being heard, apportion the cost or such part of the cost as he may deem fit, between the co-operative society, the members thereof or the affiliating co-operative society or the creditor or creditors applying for such inspection or inquiry, as the case may be, and the officers, former officers, members and past members of the co-operative society.

(2) No expenditure from the fund of a registered co-operative society shall be incurred for the purpose of defraying any cost in support of any appeal preferred by any person other than the co-operative society itself against an order under sub-section (1).

(3) Any person authorized by the Registrar under Section 61 and 62 shall have all the powers of the Registrar when acting under these sections.

(4) Any sum awarded by way of cost under this section shall be recoverable through a Co-operative Demand Certificate.

## **CHAPTER-X**

### **SETTLEMENT OF DISPUTES**

**Reference of dispute.**

**64.** (1) Any dispute touching the business of a registered co-operative society, other than a dispute regarding disciplinary action taken by a cooperative society against an employee of the co-operative society or of the liquidator of a co-operative society shall be referred to the Registrar for decisions if the parties there to are among the following :-

- (a) the co-operative society, its past or present controlling or managing body, any past or present officer agent or employee or the liquidator of the co-operative society; or
- (b) member, past member or persons claiming through a member, past member or deceased member of co-operative society; or
- (c) a surety of a member, past or deceased member of a co-operative society; or

- (d) any of registered co-operative society including any financing bank having transaction with it, a cooperative society or a liquidator of such co-operative society.

(2) Any dispute mentioned in sub-section (1) other than a dispute relating to recovery of money shall be referred to the Registrar within two months from the date on which cause of action arises.

(3) Notwithstanding anything contained in this section or any other law for the time being in force, the Registrar may admit any dispute after expiry of the period mentioned in the sub-section (2), if the applicant satisfies the Registrar that he had sufficient reasons for not referring the dispute within such period of limitation, and the dispute so admitted shall not be barred by limitation.

#### Settlement of dispute

**65.** (1) The Registrar shall, on receipt of a reference under sub-section (1) of section 64, decide the dispute himself or authorize any other Government officer to decide such dispute.

(2) The Registrar may withdraw any reference to such-dispute referred under sub-section (1) and may deal with it himself under the said sub-section.

(3) Where the Registrar is satisfied that a party to any reference made to him under Section 64 with intent to defeat or delay the execution of any decision that may be passed thereon -

(a) is about to dispose of the whole or any part of his property;  
or

(b) is about to remove the whole or any part of his property from the local limits of the jurisdiction of the Registrar, the Registrar may, unless adequate security is furnished, direct the conditional attachment of the said property or such part thereof as he deems necessary; and such attachment shall have the same effect as if it had been made by a competent Civil Court.

(4) In case of a dispute relating to recovery of loan, the Registrar shall refer to the Tribunal constituted by the State Government by a notification published in the Official Gazette.

(5) The parties to the dispute shall include a registered co-operative society, including Financing bank, its past or present controlling body or the liquidator of the co-operative society.

(6) The Government may constitute as many tribunals as may be necessary for such area or areas and specify its composition in the notification.

(7) The Tribunal shall consists of three members including the President.

(8) A member, director or chairman of a co-operative society including Financing bank, may file an application before the tribunal through the Registrar or his authorized representative for necessary decision or order for the recovery of any amount of loan, dues from a member, past member or surety of a member and past member of a registered co-operative society.

(9) The order passed by the Tribunal shall have the same force and effect as that of the decree of a Civil Court and a copy of such order shall be served on the person against whom it is made in the manner laid down for the service of summons in the Code of Civil Procedure, 1908.

(10) Every order passed by the Tribunal shall be executed in the manner as decree of a civil court under the code of Civil Procedure, 1908.

(11) Any person aggrieved by an order passed by the Tribunal may file an appeal against such order to the State Government within sixty days after the date of service of the order.

## CHAPTER-XI

### DISSOLUTION OF CO-OPERATIVE SOCIETY

#### Cancellation of registration.

**66.** (1) If the Registrar, on receipt of an application made upon a resolution adopted in a meeting of the General Assembly by a three - fourth majority of the members present at the meeting provided that the notice of dissolution was included in the circulated agenda of the meeting, is of opinion that the co-operative society ought to be dissolved, he may by an order in writing cancel the registration of the co-operative society.

(2) The Registrar, after an inquiry has been held under section 61 or after an inspection has been made under section 62, may cancel the registration of a co-operative society which -

- (i) has not commenced working; or
- (ii) has ceased working; or
- (iii) has ceased to comply materially with any condition as to registration in this Act, rules or bye-laws; and
- (iv) in his opinion ought to be dissolved.

(3) A copy of the order cancelling the registration of a co-operative society shall forthwith be published in Official Gazette by a notice which shall be communicated to the Co-operative society and to any affiliating co-operative society concerned by registered post. The notice shall contain the name of the Liquidator appointed under section 67(1), who shall take full charge of the co-operative society forthwith and shall require all claims against the said co-operative society to be made to the liquidator within two months of publication of the notice. All liabilities recorded in the account books of the co-operative society shall be deemed ipso facto to have been so claimed.

(4) When the cancellation of the registration of co-operative society takes effect, the co-operative society shall cease to exist as a corporate body, but shall vest in the liquidator.

(5) Any member of the co-operative society may, within two months from the date of publication of the order of cancellation, appeal to the State Government against such order.

(6) When no appeal is presented within two months from the publication of an order cancelling the registration of the co-operative society, the order shall take effect on the expiry of that period.

(7) When an appeal is presented within two months of an order of cancellation, the order shall not take effect until it is confirmed by the State Government and such confirmation is communicated to the co-operative society by registered post.

#### **Winding up.**

**67.** (1) Where an order of cancellation of the registration of a cooperative society is made by the Registrar under-section 66, he may appoint any person to be the liquidator of the co-operative society and may remove such person and appoint another in his place.

(2) The Liquidator appointed under sub-section (1) shall have power from the date of his appointment to take immediate possession of all assets, properties, effect and actionable claims of the co-operative society or to which the co-operative society is entitled and of all books, records, cash and other documents pertaining to the business of the co-operative society and in the interest of the co-operative society shall hold charge of the co-operative society notwithstanding the provisions of section 66, provided that no steps shall be taken for the winding up of the co-operative society during the pendency of any stay order.

(3) The Liquidator shall under the general control of the Registrar, have power so far as is necessary for the winding up of the co-operative society, on behalf of the co-operative society to carry on the business thereof and to do all acts and execute all documents necessary to such winding up, and in particular shall exercise the following powers :-

- (a) to institute, compromise and defend suits and other legal proceedings on behalf of the co-operative society by his name of office;
- (b) to make any compromise or arrangement with any person between whom and the co-operative society there exists any dispute;
- (c) to determine the debts due to the co-operative society by a member, past member or the estate, nominees, heir or legal representative of a deceased member;



- (d) to determine from time to time the contribution to be made or remaining to be made by the members, past members or by the estates or nominees, heir or legal representatives of deceased members or by any officer or former officers, to the assets of the co-operative society and to determine the debts due from such members or persons and the cost of liquidation;
- (e) to calculate the cost of liquidation and to determine by what persons and in what proportion they are to be borne;
- (f) to investigate all claims against the co-operative society and, subject to the provisions of this Act, to decide question of priority arising between claimants;
- (g) to pay claims against the co-operative society including interest up to the date of cancellation of registration according to their respective priorities, if any, in full or rateably as the assets including the reserve fund of the co-operative society, permit; the surplus, if any, remaining after payment of claims being applied in payment of interest from the date of cancellation of a rate fixed by him but not exceeding the contract rate in any case;
- (h) to take steps to recover dues according to the provisions of section 85, if necessary; and
- (i) to dispose of the surplus, if any remaining after paying the claims against the co-operative society in accordance with section 68 of this Act.

(4) Subject to the provision of this Act and rules made there under, a liquidator appointed under this-section shall, in so far as such powers are necessary for carrying out the purpose of this section, have power to summon and enforce the attendance of witnesses and to compel the production of any book, accounts, documents, securities, castor, other properties belonging to or in the custody of the co-operative society by the same means and so far may be in the same manner as is provided in the case of a Civil Court under the Code of Civil Procedure, 1908.

(5) Notwithstanding anything contained in any law for the time being in force, if any landed property is held by a liquidator as such the title over the land shall be complete as soon as the mutation of the name of his office is affected and no court shall question the title on the ground of the possession, want of possession or physical delivery of possession.

**Distribution of fund  
of a dissolved  
Co-operative society.**

**68.** On dissolution of a co-operative society, the reserve fund and any undisbursed cash in hand shall be applied to discharging liabilities of the co-operative society and the repayment of the share capital. Any sum that may remain may be applied to such item of local and public utility as may be

selected by the members of the dissolved co-operative society and approved by the Registrar. If within three months of the notice published in the official Gazette under section 69, notifying the closing of the liquidation proceeding of the co-operative society, the members fail to select an object as aforesaid, the Registrar shall with the approval of Government, apply the fund to such local public utility as may be determined by him or credit the remaining sum to the reserve fund of a co-operative society, to be formed to replace the dissolved co-operative society or if there be no such cooperative society to any other deserving co-operative society existing within the same area of operation and having objects similar to those of the dissolved co-operative society or if there be no such cooperative society to any other registered co-operative society in the state, as may be determined by the Registrar or as provided in the rules.

**Liquidator to deposit the books and submit a Final report.**

**69.** When the affairs of registered co-operative society had been wound up, the liquidator shall make a report to the Registrar within three years from the date of cancellation of registration who when satisfied shall order the liquidation proceedings to be closed and shall issue a notice in the Official Gazette, notifying the closing of the Liquidation proceedings of the Society. In these cases where the required report cannot be submitted by liquidator within the specified period due to compelling reasons such as non-availability of records or members not being traceable or no transaction taking place in the society, the Registrar shall on his own summarily order the closure of the liquidation proceedings of the Co-operative Society.

**Bar of suit.**

**70.** Save in so far as is expressly provided in this Act, no civil court shall take cognizance of any matter connected with the winding up or dissolution of a co-operative society under this Act and when a liquidator has been appointed no suit or other legal proceeding shall lie or be proceeded with against him except by leave of the Registrar and subject to such terms as he may impose.

**Insured Co-operative Banks.**

**71. (1)** Notwithstanding anything contained in this Act, order for winding up, constitution, supersession of committee, not to be made without consultation or requisition of Reserve Bank of India in the case of Insured Co-operative Bank.

(2) An order for the winding up, or an order sanctioning a scheme of compromise or arrangement, or of amalgamation, or reconstruction (including division or amalgamation) of the Bank may be made only with the previous sanction in writing of the Reserve Bank of India.

(3) On order for the winding up of the bank shall be made by the Registrar if so required by the Reserve Bank of India in the Circumstances referred in section 13 D of the Deposit Insurance and Credit Guarantee Corporation Act, 1961.

(4) If so required by the Reserve Bank of India in the public Interest or for preventing the affairs of the bank being conducted in a manner detrimental to the interest of the depositors or for securing the proper

management of the bank, an order shall be made by the Registrar in consultation with the Reserve Bank of India for the supersession (removal) of the Committee or Board and the appointment of an Administrator therefore for such period or periods, not exceeding five years in the aggregate as may from time to time be specified by the Registrar of Cooperative Societies after consultation with the Reserve Bank of India and the Administrator so appointed shall after the expiry of his term of office, continue in office until the day immediately preceding the date of the first meeting of the new committee.

(5) An order for the winding up of the bank or an order sanctioning a scheme of compromise or arrangement or of amalgamation or reconstruction (including division or amalgamation) or an order for the supersession (removal) of the committee or board and the appointment of an Administrator therefore made with the consent in writing or on the requisition of the Reserve bank of India shall not be liable to be called in question in any manner.

(6) The Liquidator or the Insured Co-operative Bank or the transferee Bank as the case may be, shall be under an obligation to repay the Deposit Insurance Corporation established under the Deposit Insurance and Credit Guarantee Cooperation Act referred to in Section 21 of that act.

**Explanation—(i)** For the purpose of this section “a co-operative bank” means a bank as has been defined in the Deposit Insurance and Credit Guarantee Corporation Act 1961;

(ii) “transferee Bank” in relation to an insured Co-operative bank which is an insured Bank under the provisions of the Deposit Insurance and Credit Guarantee Corporation Act,

1961;

(iii) “transferee Bank” in relation to an insured Co-operative Bank means a Cooperative

Bank-

(a) with which such insured Co-operative Bank is amalgated; or

(b) to which the assets and liabilities or such insured Co-operative Bank are transferred; or

(c) into which such insured Co-operative Bank is divided or amalgamated under the provision of section 15 of the Act”.

## CHAPTER-XII

### RECOVERY OF SUMS DUE AND ENFORCEMENT OF OBLIGATIONS

**Power of Registrar to direct payment of dues.**

**72(1).** Notwithstanding anything contained in Section 64 and 65 of this Act, the Registrar or such other persons as may be authorized in this behalf, may, on his own motion or on the written requisition of a registered co-operative society or an affiliating co-operative society or a financing bank, for the recovery of any loan due by a defaulting member, after due enquiry, make an

award directing payment by such member of the amount found to be due.

(2) Any co-operative society engaged in credit business shall adhere to the Reserve Bank of India's Circular and instructions issued from time to time in the matter of recovery of non-performing assets.

**Charge and surcharge.**

**73(1).** Where, as the result of an audit under section 55, or an inquiry under section 61 or and inspection under section 62 or a report made in the course of the winding up a registered co-operative society, it appears to the Registrar that any member, officer or employee, past or present, of the co-operative society has at anytime within a period of four years prior to the date of such audit, inspection, enquiry or report as the case may be,-

(a) intentionally, whether individually or an assenting member of any management or other controlling body, made or authorized any payment or granted any loan which is contrary to the provision of this Act, the rules or bye laws or has failed to take timely steps to recover any loan at the due date or if it was being improperly utilized; or

(b) was grossly negligent in respect of any loss or deficiency; or

(c) failed to bring into accounts any sum which ought to have been brought into account; or

(d) misappropriated or fraudulently retained any property of the co-operative society; or

(e) committed breach of trust in relation to the co-operative society; the Registrar may inquire into the conduct of such officer or member of the managing or other controlling body.

(2) The Registrar may similarly inquire into the conduct relating to the affairs of the co-operative society or any member, officer or employee, past or present of a registered co-operative society on the application of the present controlling or managing body of the society, or liquidator, or any creditor or any other registered co-operative society to which the co-operative society is affiliated or any contributory.

(3) Upon such enquiry, after giving such member, officer or employee an opportunity of being heard and in the case of a payment made contrary to the provisions of this Act or rule or bye-laws, after affording such member, officer or employee time to recover the amount of such payment from the payee and credit it to the funds of the co-operative society, the Registrar may by an order in writing require such member, officer or employee to pay such sum with interest at such rate as the Registrar may direct, to the co-operative society by way of compensation in respect of such payment or less or to restore such property as the Registrar thinks fit, and to pay such sum as the Registrar may fix to meet the cost of the proceedings under this section.

(4) Any award made by the Registrar under sub-section (3) shall be reduced to the form of a Co-operative Demand Certificate, by the officer authorized to issue such certificates.

(5) This section shall apply notwithstanding that such member, officer or employee may by his act or omission have incurred in addition criminal liability under this Act or any other law for the time being in force.

(6) An appeal shall lie to the State Government against an order passed under sub-clause (I)(a) within thirty days of the communication of the order.

## CHAPTER-XIII

### PENALTY

**Prohibition of the use of the word “co-operative”.**

**74(1)** No person other than a co-operative society registered under this or any other co-operative society registered under this or any other co-operative societies Act shall trade or carry on business under any name or title of which the word “co-operative” is a part :

Provided that nothing in this section shall apply to the use by any person, or by his successor in interest of any name or title under which he lawfully traded or carried on business at the commencement of this Act.

(2) Whoever contravenes: the provision of this section shall be punishable with fine which may extend to five hundred rupees, and in the case of a continuing offence with further fine: of fifty rupees for each day on which the offence is continued after conviction therefore.

**Punishment for false return, false information, disobeying summons order etc.**

**75.** A person shall be punishable with fine which shall not be less than one thousand rupees and which may extend to five thousand rupees if , -

(a) a registered co-operative society or an officer or member thereof or any liquidator, willfully makes a false return or furnishes false information or willfully neglects or refuses to do any act required by this Act or any rules of bye-laws; or does anything contrary to this Act or the rules or bye-laws; or

(b) willfully or without reasonable excuse disobeys any summons, requisition or lawfully written order issued under the provisions of this Act or does not produce documents , or cash balance of the co-operative society or furnish any information lawfully required from him by a person authorized in this behalf under the provision of this Act or fails to maintain up-to-date accounts, records and other documents of the co-operative society required to be maintained by him under this Act or the rules or bye-laws; or

(c) any employer who, without sufficient cause, fails to pay to a co-operative society amount deducted by him from its employees within a period of fourteen days from the date on which such deduction is made; or

(d) any officer or custodian who willfully fails to handover custody of books, accounts, documents, records, cash, security and other property belonging to a co-operative society of which he is an officer or custodian, to an authorized person; or

(e) whoever, before, during or after the election of members of the board or office bearers of managing body, adopts any corrupt practice.

**Punishing for disposing property, property in contravention of section 47.**

**76.** Any member, past member or nominee, heir or legal representatives of a deceased member removing or otherwise disposing of or suffering to be removed or otherwise disposed of, any property on which a registered co-operative society holds a first charge under section 47 with intent to defraud the co-operative society or with such intent doing any other act to the prejudice of the co-operative society's first charge, shall be punishable with fine equivalent to the value of the property.

**Penalty for certain misdemeanors.**

**77.** Where it appears to the Registrar that any person has contravened the provisions of this Act, the rules or bye-laws

a) by sitting or voting or exercising his rights as a member, or as a member of any managing or controlling body, or voting in the affairs of a registered co-operative society as a representative of another co-operative society which is a member of such co-operative society, when such person was not entitled to sit, vote or exercise such rights, as the case may be, or

(b) by utilizing the (i) Government Financial Assistance (ii) Co-operative society's Fund and (iii) Loan. for a purpose different from that for which it was granted, the Registrar may, after affording such person an opportunity to be heard, by an order in writing direct him to pay the assets of the co-operative society by way of penalty such sum not less than five thousand rupees as the Registrar thinks fit.

**Power to enforce performance of obligation.**

**78.** Notwithstanding anything contained in this Act, where any Registered co-operative society is required to take any action under this Act, the rules or bye-law and such action is not taken within the time provided in this Act, the rules or bye-laws or within such time as the Registrar may specify by a notice in writing, where no time is so provided, the Registrar may call upon any officer of the co-operative society who is responsible for the carrying out the directions, and after giving such officer an opportunity to be heard may require him to pay the assets of the co-operative society such amount as the Registrar may think fit but not less than five hundred rupees for each day until the Registrar's direction are carried out.

**Cognizance of offence.**

**79.** (1) No court inferior to that of a Magistrate of the 1<sup>st</sup> (first) class shall try any offence under this Act.

(2) No prosecution for an offence under this Act shall be instituted without the previous sanction of the Registrar.

(3) Offences under this Act may be tried summarily.

## **CHAPTER-XIV JURISDICTION**

**Indemnity.**

**80.** No suit, proceeding or prosecution whatever shall lie against the Registrar or any person acting on his authority, or against any liquidator in respect of anything done or purporting to be done in good faith under this Act.

**Bar to Jurisdiction of courts.**

**81(1)** Save as provided in this Act, no Civil or Revenue Court shall have any jurisdiction in respect of -



(a) registration of a registered co-operative society or its bye-laws or amendments of bye-laws; or

(b) the dissolution of a managing or controlling body and the management of the affairs of the co-operative society on dissolution thereof, or (c) any dispute referred to the Registrar; or

(d) any matter in relation to the winding up and dissolution of a registered co-operative society.

(2) Save as provided in this Act, no order, decision or award under this Act, or working of the affairs of a registered co-operative society shall be liable to be challenged, set aside, modified, revised or declared void in any court or on any ground whatsoever except on grounds of jurisdiction.

**Appeal or review.**

**82(1)** Except where otherwise expressly provided to the contrary an appeal shall lie to the Registrar on the decisions made under this Act or rules framed under by any Government officer or liquidator.

(2) The Registrar may review any order, passed by him at any time within two months from the communication of such order.

(3) Save as provided in this Act or rules, no appeal shall lie to the State Government against any order of the Registrar, except on a question of Law, and provided such appeal is preferred within two months of the communication of such order.

(4) Any appellate Authority and the Registrar in case of review may pass any stay order pending any appeal or review before such an authority, and may award costs against any party appealing or petitioning for review if such appeal or review petition is considered false, vexatious or frivolous by the authority concerned.

**Power of Attachment of property.**

**83.** Where the Registrar or such gazetted officer as may have powers delegated to him under Section 85 is satisfied that any person holding property within his jurisdiction with intent to defeat or delay the execution of any order, avoid payment of dues under a Cooperative demand certificate for recovery of dues under this Act, rules or bye-laws -(a) is about to dispose of the whole or any part of such property; or

(b) is about to remove the whole or any part of such property from the local limits of the jurisdiction of the Registrar or of such gazetted officer may, unless adequate security is furnished, as he may require, direct the conditional attachment of the said property or such part thereof as he thinks necessary, notwithstanding that the claimant or owner of the property may reside elsewhere, and such attachment shall have the same force and effect as if it had been made by a competent Civil Court and shall continue in force until withdrawn or cancelled.

**Registrar to be Civil Court for certain purposes.**

**84.** The Registrar or any person empowered by him in this behalf shall be deemed, when exercising any powers, under this Act for the recovery of any amount by attachment and sale or by the sale without attachment of any Property, or when passing any orders on any application made to him for



such recovery or to take step in aid of such recovery, to be a Civil Court for the purpose of Articles 182 of the First Schedule to the Indian Limitation Act 1908.

**Recovery of sums due.**

**85(1)** All dues recoverable under this Act or rules framed there under except those referred to the tribunal for adjudication under clause (4) of Sec 65 shall be reduced to the form of a Co-operative Demand Certificate, as in Schedule A over the signature of the Registrar or of such gazetted officer as may have powers delegated to them by the Registrar in this behalf and shall be recovered as an arrear of Land revenue and shall be paid to the certificate holder or his authorized nominee. Such certificate shall be in the name of the claimant and shall be delivered to him.

(2) Notwithstanding anything contained in Sub-section (1), all the said dues shall also be recoverable as a public demand in accordance with the procedure laid down in the Public Demand Recovery Act on a written requisition sent to the certificate officer in the prescribed form over the signature of the Registrar or such gazetted officer as may have powers delegated to him by the Registrar in this behalf.

*Explanation-* "The Certificate officer" means the officer so defined in, and the "prescribed form" means the form so prescribed under the (Public Demands Recovery Act).

(3) In case of the recoverable loans, dues referred to the tribunal, recovery of the same will be made on the basis of the order passed by the tribunal and in the manner and the procedure as laid down in Section 64.

**Registrar may order a meeting of Creditors.**

**86(1)** Notwithstanding anything in this Act, where a compromise or arrangement is proposed between a registered co-operative society and its creditors or a class of them, the Registrar, upon an application made by a registered co-operative society or by liquidator in case of a co-operative society in respect of which an order has been passed for the winding up thereof, or by a creditor or creditors or any class of creditors, may order a meeting of the creditors.

(2) If a majority in number of Creditors or the class of Creditors as the case may be, representing claims to three fourths of the debts due by the co-operative society to the creditors or class of creditors, at a meeting agree to any compromise or arrangement and if the Registrar agrees to such compromise or arrangement and gives his sanction then the compromise or arrangement shall be binding on all the creditors or class of creditors and also on the co-operative society or on the liquidator in the case of a co-operative society in respect of which an order has been passed for the winding up thereof, and on all persons who may be required by the liquidator to contribute to the assets of the co-operative society.

**CHAPTER-XV**  
**APPLICABLE TO SHORT TERM CO-OPERATIVE CREDIT**  
**STRUCTURE**

**87.** Notwithstanding anything or inconsistent contained in any chapter of this Act or Rules framed there under or bye-laws of any registered co-operative society or orders issued there under the provision of this chapter shall have overriding effect.

**88.** The provisions of the Banking regulation Act 1949 (as applicable to Cooperative societies) shall apply to a Co-operative Bank registered under this Act.

**89.** No primary Agricultural Credit co-operative society or its Federation or association (except those which are permitted to act as a bank under Banking Regulation Act, 1949 (Central Act 10 of 1949) shall be registered with the word "bank" or any other derivative of the word "bank" in its registered name or shall use the same as a part of its name:

Provided that where any Primary Agricultural Credit co-operative society or its Federation or association (except those which are permitted to act as a bank under Banking Regulation Act 1949 (Central Act 10 of 1949) has been registered or using the same as a part of its name before the commencement of the Meghalaya co-operative societies Act with the word "bank" or any of its derivatives in its registered name, it shall within three months from the date of such commencement, change its name so as to remove the word "bank" or its derivative, if any, from its name:

Provided further that where any such co-operative society fails to comply with the above provisions within the period specified therein, the Registrar shall order the winding up of such co-operative society forthwith.

**90.** (1) Every person or group holding a minimum deposit of rupees one thousand for a continuous period of minimum two years or such other amount or time as may be prescribed in a Primary Agricultural Credit co-operative society shall become a member of the co-operative society by subscribing the minimum share capital specified in the bye-laws and shall have full membership and voting rights.

(2) A group borrower shall become a member of a Primary Agricultural Credit co-operative society by subscribing the minimum share Capital specified in the bye-laws and shall have full voting rights.

(3) Every group borrower admitted as a member shall be entitled to vote through on delegate nominated by the group.

**91.** (1) There shall be at least such members of professional having special knowledge or experience in such field as may be stipulated by the Reserve Bank and the Managing Body of the State Cooperative Bank and in case such number of elected directors do not in the opinion of Reserve Bank or National Bank, possess special knowledge or experience in such fields as may be stipulated by the Reserve Bank, the Managing Body of the State Cooperative Bank shall co-opt such number of professionals with full voting rights irrespective of: -

(1) the limit on the number of members of the committee under this Act or Rules framed there under or its bye-laws;

(ii) whether such professional is a member of the co-operative society or not.

(2) If any person who in the opinion of the Reserve Bank, has been co-opted as a member of the managing body under clause (1) of this section without

having requisite knowledge or experience as stipulated by the Reserve Bank, he shall on being advised by the Reserve Bank or the National Bank, be removed from the office after giving him a reasonable opportunity of being heard.

**92.** (1) The members of the Managing Body and the Chief Executive officer of the State Co-operative Bank shall fulfill the criteria stipulated by the Reserve Bank for the time being in force;

(2) The members of the Managing Body and the Chief Executive Officer of the State Co-operative Bank who do not fulfill the criteria stipulated by the Reserve Bank shall be removed by the Registrar or the Appointing Authority as the case maybe, at the recommendation of the Reserve Bank or the National Bank.

**93.** (1) Every Co-operative Bank shall have its Account audited by a qualified Chartered Accountant in each financial year, subject to such directions as the Reserve Bank may issue from time to time.

(2) The Accounts of the State Co-operative Bank shall be audited and certified by Chartered Accountant appointed by it from the panel approved by the National Bank.

(3) The Registrar shall ensure conduct of special Audit of the State Co-operative Bank if requested by the Reserve Bank and also furnish a copy of the report to the Reserve Bank and the National Bank within the time stipulated by the Reserve Bank.

**94.** (1) Every Cooperative bank shall abide by the directions, guidelines and prudential norms, if any issued by the Reserve Bank from time to time in respect of acceptance of deposits borrowings, lending, investment or any other financial matters.

(2) The prudential norms including capital to Risk weighted Assets Ratio shall be prescribed by the Registrar for all the Primary Agricultural Credit co-operative societies in consultation with the National Bank.

**95.** No Credit Co-operative Structure society shall be exempted by the Government from the application of the provision of this chapter without the prior approval of the Reserve Bank or the National Bank.

**96.** (1) The Registrar shall ensure that Reserve Bank's regulatory prescription in case of State Co-operative Bank including recommendation for supersession of the Managing Body and winding up of the State Co-operative Bank are implemented within one month of being so advised by the Reserve Bank;

(2) The Registrar shall ensure that the Liquidator or the Administrator, as the case may be, is appointed within one month of being so advised by the Reserve Bank for winding up or supersession.

**97.** (1) The Managing Body of the State Co-operative Bank shall not be superceded without prior consultation of the Reserve Bank.

(2) The supersession of the Managing Body of a Primary Agricultural Credit co-operative society shall be done only on the following grounds: -

- (a) if the society incurs losses for three consecutive years; or
- (b) if serious financial irregularities or frauds have been identified; or
- (c) if there are judicial directives to this effect; or
- (d) if there is a lack of quorum for three consecutive meetings;

**98.** The Registrar shall conduct election to a Co-operative Credit Structure Society before the expiry of the term of the existing Managing Body.

**99.** The Registrar shall conduct elections to a Co-operative Credit Structure Society within two months from the date of supersession;

Provided that in circumstances beyond control the Government may allow holding of such election within a period not exceeding six months from the date of supersession.

**100.** A member of the Managing Body of a Primary Agricultural Co-operative Credit Society which has been superseded under this Act shall not be entitled to contest the election again for a period of three years from the date of supersession.

**101.** A Co-operative Credit Structure-Society shall have freedom to decide its financial and administrative matters, especially-

- (i) interest rates on deposits and loans:

Provided that in the case of the State Co-operative Bank, the interest rates shall be in conformity with the guidelines issued by the Reserve Bank;

- (ii) borrowing and Investments;
- (iii) loan policies and individuals loan decisions;
- (iv) personnel policy, staffing recruitment, posting and compensation to staff; and
- (v) internal control systems, appointment of auditors and fees for the Auditor.

**102.** The Government's subscription in the Share Capital of any Co-operative Credit Structure Society shall not exceed twenty five percent and the Government or Co-operative Credit Structure Society may reduce the Government's subscription further at its choice:

Provided that in case State Co-operative Bank unable to comply with requirements of Sub-Section (1) of section 11 of the Banking Regulation Act 1949 (Central Act 10 of 1949), the State Government can contribute equity to the extent required to enable State Co-operative Bank to comply with the requirements of sub-section (1) of Section 11 of Banking Regulation Act 1949 (Central Act 10 of 1949).

**103.** (1) There shall be only one nominee of the State Government in the Managing Body of the State Co-operative Bank if the State Government has subscribed to its share capital. (2) There shall be no nominee of the Government in the Managing Body of a Primary Agricultural Credit Co-operative Society irrespective of Governments subscription to the Share Capital.

**104.** A Co-operative Credit Structure Society may affiliate or disaffiliate with a Federal Co-operative Society at its choice; provided that before disaffiliation, the society shall discharge its financial liability, if any, to the society from whom it is disaffiliating.

**105.** A Co-operative Credit Structure Society shall have the freedom of entry and exit at any tier and there shall be no mandatory restrictions of geographical boundaries for its operation.

**106.** A Co-operative Credit structure society shall have the freedom to invest or deposit its funds in any Bank or financial institution regulated by the Reserve Bank and not necessarily; in the Federal Society to which it is affiliated.

**107.** A Co-operative Credit Structure society may obtain loans from any bank or financial institution regulated by the Reserve bank and refinance from the National Bank or any Financial Institution directly or through any Reserve Bank regulated Financial Institution and not necessarily from the Federal society to which it is affiliated.

**108.** A Primary Agricultural Credit Co-operative societies may pay dividend in accordance with the guidelines framed by the Registrar in consultation with the national bank.

**109.** The State Government or the Registrar shall have no powers to direct any Co-operative Credit Structure Society to contribute to any fund other than those required for improving its net worth or own funds.

**110.** No person shall be elected, nominated or co-opted or allowed to continue as a member of the Managing Body of a Co-operative Credit Structure Society, if he;

(i) is a person who represents a Co-operative Society other than a Primary Agricultural Credit Co-operative societies on the Managing Body of the State Co-operative Bank, if such society he represents has committed a default towards the repayment of such Bank for a period exceeding ninety days;

(ii) is a person who committed a default towards payments to a Primary Agricultural Credit Co-operative societies on the Managing Body of the State Co-operative Banks, if such Co-operative Society he represents has committed a default towards the payment of such bank for a period exceeding one year unless the default is cleared;and

(i) is a person, who represents a Co-operative Society whose Managing Body is superseded.

**111.** (1) The Bye-law or any Amendment to the Bye-laws of a Co-operative Credit Structure Society shall be registered by the Registrar within thirty days from the date of receipt of the application.

(2) If the Registrar is satisfied that the proposed Bye-laws or the Amendments to the Bye-laws are contrary to the provisions of the Act and the Rules made there under he shall reject the same duly recording his reasons thereon within thirty days from the date of receipt of the application.

**112.** The State Government or the registrar shall do anything or take action or issue any order or directive which may have effect of curtailing any of the freedoms or power given under this chapter to any Co-operative Credit Structure Society.

## CHAPTER-XVI

### MISCELLANEOUS.

**Co-operative Society to be a body Corporate.**

**113.** Every registered Co-operative society shall be deemed to be a body corporate by the name under which it is registered, with perpetual succession and a common seal, and with power to hold property, to enter into contracts, to institute and defend suits and other legal proceedings and do all things necessary for the purpose for which it was constituted.

**Register of members.**

**114.** Any register or list of members or shares kept by any registered co-operative society shall be prime facie evidence of any of the following particulars entered therein

(a) the date on which the name of any person was entered in such register or list as a member; and

(b) the date on which any such member ceased to be a member.

**Entries in books of registered co-operative society shall be received in prima facie evidence.**

**115.** (1) A copy of any entry in a book of registered co-operative society, regularly kept in the course of business shall, if certified by the Chairman/ Secretary of the co-operative society be received in any suit or legal proceeding as *prima facie* evidence of the existence of such entry and shall be admitted as evidence of the matters, transaction and accounts therein recorded in every case to the same extent as the original entry itself is admissible.

(2) No officer or liquidator of a registered co-operative society and no officer in whose custody the books of a registered cooperative society are deposited after liquidation shall in any legal proceedings to which the co-operative society or liquidator is not a party, be compelled to produce any of the co-operative society's books the contents of which can be proved under sub-section (1) or to appear as a witness to prove the matters, transaction and accounts therein recorded unless specially so directed by an order of the Court or the arbitrator.

**Savings of Existing Co-operative Societies.**

**116.** (1) Every co-operative society existing at the commencement of this Act which has been registered or deemed to have been registered under the Co-operative Societies Act, 1912 shall be deemed to be registered under this Act; and its bye-law shall in so far they are not inconsistent with the provision of this Act continue in force until altered or rescinded and shall to such extent be deemed to be registered under this Act. (2) All appointment rules and orders made, notifications and notices issued all transactions entered into and all suits and other proceedings instituted under this said Act shall continue and shall, so far as may be, be deemed to have been respectively made, issued, entered into or instituted under this Act.

**Construction of reference to Act II of 1912.**

**117.** All reference to the Indian Co-operative Societies Act, 1912 occurring in any enactment made by any authority in India and for the time being in force in the State shall, in the application of any such enactment thereby be



construed, as reference to this Act, and anything done or any proceeding commenced in pursuance of such enactment on or after the commencement of this Act shall be deemed to have been done or to have commenced and to have had effect as if the reference in such enactment to the Indian Co-operative Societies Act, 1912 had been a reference to this Act, and no such thing or proceeding shall be deemed to have been invalid on the ground that such enactment did not refer to this Act.

**Act VII of 1913 not to apply.**

**118.** The Provision of the Indian Companies Act 1913, shall not apply to registered co-operative societies.

**Acts of co-operative societies etc, not to be invalidated by certain defects.**

**119.** (1) No act of a registered co-operative society or of a Managing or Controlling body or at any officer or Liquidator done in good faith in pursuance of the business of the co-operative society shall be deemed to be invalid by reason only of some defect subsequently discovered in the organization of the co-operative society or in the constitution of any such body or in the appointment or selection of the officer or Liquidator or on the ground that such office or liquidator was disqualified from appointment.

2) No act done in good faith by any person appointed under this Act shall be invalid merely by reason of the fact that this appointment has been cancelled or in consequence of any order subsequently passed under this Act.

(3) The Registrar shall decide whether any act was done in good faith in pursuance of the business of a co-operative society.

**Power to exempt co-operative societies from provision of the Act.**

**120.** The State Government may, by general or special order, exempt any registered co-operative society or class of registered co-operative societies from any of the provision of this act or may direct that such provision shall apply to such co-operative society with such modifications as may be specified in the order.

**Rules and bye laws not to be deemed to go beyond the Act.**

**121.** Rules framed under this Act and bye-laws registered under this Act shall not be deemed to go beyond the provisions of this Act if their effect is not to lessen the degree of control expressly provided for in the Act.

**Power to exempt co-operative societies from conditions as to registration.**

**122.** Notwithstanding anything contained in this Act State Government may by special order and subject to such conditions, if any, as it may impose, exempt any co-operative society from any of the requirements of this Act as to registration.

**Power to order recoupment of expenditures.**

**123.** Notwithstanding anything contained in any law for the time being in force the State Government may, by a general or special order, require of every registered co-operative society or a class of registered co-operative societies to make lump sum contribution of such sum annually to be fixed by the Registrar towards the recoupment of administrative costs incurred by Government of Meghalaya in respect of inspection, supervision and guidance of a co-operative society or class of cooperative societies or of any service to such co-operative society or class of co-operative societies.



**Power to seize records of co-operative society.**

**124.** (1). If the Registrar or any person authorized by him in this behalf while, making audit, inspection, inquiry or supervision as the case may be believe that the registered co-operative society, is not keeping or maintaining the accounts, books and records of the co-operative society properly or finds or reasonably suspects gross negligence of duties, misappropriation or misuse of fund of the co-operative society, irregularity in recording proceedings or keeping accounts or books, he shall have power to take possession of any or all books, registers or documents, cash in hand or account books of the co-operative society and remove such seized property or keep in the proper custody such seized property till it is disposed off in a manner as may be directed by the Registrar.

(2) The person seizing the property of the co-operative society under Sub-Section (1) shall prepare an inventory of the properties seized in duplicate with his signature and require the officer or member of the co-operative society from whose possession or custody the property is seized to put his signature in witness thereof and if such officer or member refuses to sign, then the person seizing the property shall call upon two or more persons to sign the seizure list. A copy of the list prepared under this section signed by the witnesses, shall be delivered to the office of the co-operative society and the Registrar or a person authorized by him.

(3) The Registrar Shall take immediate steps by way of audit or inspection and pass such orders as he may think fit.

(4) The administrative head of a District, Sub-division or administrative area shall give police help to all officers mentioned in sub-section (1) of this section when sought for.

**Power of the Managing body of an affiliating co-operative society to enquire into the affairs of a member co-operative society.**

**125.** When a registered co-operative society takes a loan from an affiliating co-operative society and defaults on payment of the debt or any installment thereof, any member of the Managing body of affiliating co-operative society may examine and look into the accounts and working of such defaulting co-operative society and report the result of his enquiry or examination particularly with reference to the said loan to the affiliating co-operative society and may recommend any suggestion in his report. The borrowing co-operative society shall furnish such information and produce such documents, books and accounts as the member of the managing body may require.

**Limitation.**

**126.** (1) Notwithstanding any of the provisions of the Indian Limitation Act, 1908, the period of Limitation for the Institution of a claim to recover any sum, including the interest thereon, due to a registered co-operative society by a member thereof shall be computed from the date on which such member dies or ceases to be member of a co-operative society.

(2) The Indian Limitation Act, 1908, shall not apply to any debtor liability due by any member, past member or deceased member to any society in respect of which an order of dissolution has been passed under this Act.

**Power to exempt co-operative societies from the operation of the Money Lender Act.**

**127.** The State Government may, by a notification in the Official Gazette, exempt a registered co-operative society from any or all the provisions of the Meghalaya Money Lender Act if any for the time being in force.

**Power to make rules law may examine.**

**128.** (1) The State Government may after previous publication makes rules to carry out the purposes of this Act and such rules may provide a penalty not exceeding five thousand rupees for a breach thereof.

(2) Any rule made under this Act shall, as soon as after it is made, be laid before the Meghalaya Legislative Assembly.

**Repeal.**

**129.** The Meghalaya Co-operative Societies Act (Assam Act 1 of 1950 as adopted by Meghalaya) is hereby repealed.

**STATEMENT OF OBJECT AND REASONS**

The Government has decided to enact a new Meghalaya Co-operative Societies law to repeal the Meghalaya Co-operative Societies Act (Act 1 of 1950 as adopted by Meghalaya).

Hence the Bill.

**Minister-in-charge,  
Co-operation.**

**Secretary,  
Meghalaya Legislative Assembly.**

**FINANCIAL MEMORANDUM**

There will be no additional expenditure from the Consolidated Fund of the State of Meghalaya for implementation of this enactment as the existing staff will administer the same.

**MEMORANDUM OF DELEGATED LEGISLATION**

Clause 128 of the Bill empowers the State Government to make rules after previous publication and such rules shall be placed in the Legislative Assembly. The delegation is a matter of detail and of normal character.



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## EXTRAORDINARY

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### PART - I

#### GOVERNMENT OF MEGHALAYA

#### PROGRAMME IMPLEMENTATION & EVALUATION DEPARTMENT

#### ORDERS BY THE GOVERNOR

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#### NOTIFICATION

The 3rd October, 2013.

**No.PIA/SDRC/2/2010/67.**—In continuation to this Department's Notification No.PIA/SDRC/2/2010/66, dated 29th August, 2013, the Governor of Meghalaya is pleased to convey *expost facto* approval to the appointment of the following *Vice-Chairmen* of the Meghalaya State Development Reforms Commission with effect from the date of assumption of charge and until further orders under Category B. They are entitled to the perks and facilities as per the Finance Department Office Memorandum FEM.44/2003/Pt.II/157, dated 17th September, 2010.

1. Smti. Zsarita Laitphlang.
2. Shri Nripendra Koch.

This has the approval of Finance (AF) Department *vide* I/D No.FM.1162/13, dated 24th September, 2013.

**B. D. R. TIWARI,**

Joint Secretary to the Govt. of Meghalaya,  
Programme Implementation & Evaluation Department.